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OCTOBER 29, 1955

foreign trade

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CANADA

foreign trade

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cover This striking photograph of blast furnaces at a German steel plant introduces a survey of business and industry in West Germany this year. Iron and steel production in the first half of 1955 rose 33 per cent above the first six months of 1954 but still fell short of demand. For details on this and on other aspects of the economy, please turn to page two.

West Germany: a Progress Report

Federal Republic has become Canada's third market, with sales reaching nearly $40 million in first half of '55. Rising imports and smaller trade balance feature German foreign trade; tight labour market and rearmament process may affect production and export trade in near future.

I. V. MACDONALD,
Assistant Commercial Secretary, Bonn.

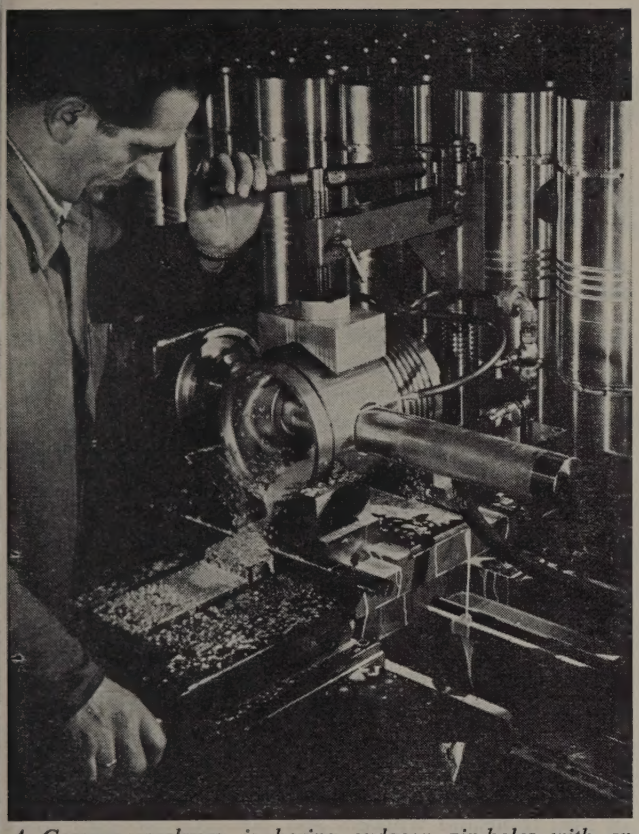
PROSPERITY AND CONFIDENCE best describe the West German economy as 1955, a record year, draws to a close. The latest business upswing is confirmed by bulging order-books and by the indications of new postwar highs in production and trade. One notable result of the rapid expansion has been a sharp decline in unemployment. In fact, the tightness in the labour market, especially among the skilled trades, is serious and may soon slow up expansion in some industries. However, there seems to be little doubt that the gross national product in 1955 will exceed that of 1954 by at least 10 per cent and that German foreign trade—and particularly imports from the dollar area—will achieve a postwar record.

Production Rise Continues

Most conspicuous rise in industrial output occurred in the capital goods industry, which showed an increase of almost 25 per cent in the first half of 1955 over the corresponding period of 1954. Continuing high investment suggests that the present rate of production in this industry will be at least maintained. The consumer goods industry showed gains of about 10 per cent. The index of total production rose to nearly 209 in June (1936=100), 16·8 per cent higher than in June 1954. Specific groups showing greatest gains were the motor vehicle industry, which reached an index of 365 in April, and the electrical engineering industry which topped the November 1954 high to reach 470 in April. The building trades also continued very active and there were large relative increases in production in shipbuilding and engineering construction. Even the textile industry picked up to meet new demand in 1955. During June output was about 40 per cent higher than during the same month of 1954 and orders from dealers rebuilding inventories have added momentum to the mid-year recovery. Understandably the industry looks with optimism towards the seasonal upswing which takes place in the fall of the year.

In the steel industry, often cited as a weather-vane of the economy, production has climbed rapidly but still falls far short of effective demand. In almost all branches of the iron and steel industry very firm markets are the rule and delivery terms have lengthened. Even with iron and steel production in the first half-year one-third above the first six months of 1954, it has been necessary to purchase heavily in other European countries to meet the demand from the capital and consumer goods industries, especially the automobile industry. The increase in output of rolling mill products has lagged somewhat behind the rise in the output of crude steel which—at over 74,000 tons per working day in June—exceeded the average 1954 output by 29 per cent. The volume of new orders booked by steel rolling mills diminished somewhat in June and reduced the total backlog for the first time in 18 months. This may indicate a slight easing of demand for these products but more likely reflects the reluctance of the mills to take on new orders in an attempt to reduce delivery periods.

Despite record output, there is a considerable backlog of orders in the electrical equipment industry, the machinery industry, in iron and sheet metal goods, and in shipbuilding. Recently deliveries have been exceeding new orders in most branches, although shipbuilding is an outstanding exception. To accomplish the recent shipbuilding expansion, the Germans have been working three shifts and have turned to extensive prefabrication of the type developed in the United States during World War II.



A German workman is boring gudgeon pin-holes with an accuracy of up to 0·001 mm., one step in machining pistons.

With employment in West Germany exceeding 17 million for the first time since the currency reform in 1948, the West German economy appears to be entering a new phase. The number of job applicants fell to a postwar low in August (512 thousand) and the situation is considered favourable by organized labour for pressing wage demands.

Changing Pattern of Foreign Trade

The high level of imports produced by liberalization and the present high consumption is the most notable factor in West German foreign trade during the summer and early fall of 1955. In July imports worth DM2,125 million set a new high for a single month and almost equalled the value of exports, DM2,160 million. The significance of this development can be seen by comparing the present export surplus of DM35 million with the DM343 million earned during July 1954. Imports during the first seven months of 1955 have already reached DM13,512 million, an increase of 32 per cent over the same period of 1954, but exports have risen only 18 per cent to DM14,237 million. Continuation of the present trend will result in a much smaller foreign trade balance in 1955.

German imports from OEEC countries are now liberalized to the extent of 91·1 per cent which is somewhat above Britain and France but lower than Italy, for example. In May the discrimination against *dollar* products was lessened and this brought the proportion of liberalized imports from the dollar area from 57 to 68 per cent. Moreover, a number of other dollar imports which are not liberalized are in fact readily approved for import. This liberalization of dollar imports has benefited the German economy, particularly by providing West Germany with raw materials obtained more cheaply from the dollar area, and thus improving the manufacturers' competitive position.

Exports have not risen in the same proportion as imports, although the gains in 1955 are noteworthy. Markets for German products showing greatest gains are France, the Netherlands, Austria, Sweden, Switzerland, India, the United States, Honduras, the British West Indies, Venezuela, and New Zealand. Types of products benefiting from the strong export demand are automobiles, machine tools, ships, chemicals, electrical goods and musical instruments. Canada is also buying more West German products in 1955, chiefly machinery, optical and fine mechanical goods, fertilizers, ironware and Volkswagens.

Canadian Sales to West Germany

Canadian exporters have built up a valuable market in West Germany. In 1954 the Federal Republic ranked third among overseas importers of Canadian products, although Canada ranked only 27th as a customer of the Federal Republic. Outstanding exports during the first half-year 1955, in order of importance, were wheat, non-ferrous metals (especially aluminum and copper), synthetic rubber, asbestos, newsprint, and scrap iron. These commodities accounted for 76·5 per cent of our total exports to the Federal Republic during January-June 1955. However, it should not be assumed that Canadian export opportunities lie entirely in the field of raw materials.

Canadian processed or manufactured products exported to West Germany in recent months include ice skates, sparkplugs, nylon stockings, oil-heating equipment, whisky, bookkeeping machinery, refractory brick, polystyrene, canned salmon, canned lobster and tinned vegetables. No doubt the range of Canadian manufactured goods being sold to the Federal Republic will increase as our manufacturers take advantage of the progressive liberalization of imports from the dollar area, or obtain dollar import licences through participation in West German international trade fairs. The relaxation of quantitative import restrictions has been confined almost entirely to industrial products* although a few agricultural and fisheries products for industrial uses have been included, such as vegetable and fish oils and cotton.

* Noteworthy exceptions: tobacco, frozen eels, lobster.

CANADIAN EXPORTS TO GERMANY

(in Can. $)

1949	23,451,452
1951	37,028,342
1953	83,858,126
1954	85,898,904
First 6 months 1954	31,647,509
First 6 months 1955	39,108,367

CANADIAN IMPORTS FROM GERMANY

(in Can. $)

1949	7,134,030
1951	30,936,017
1953	35,507,281
1954	44,478,925
First 6 months 1954	18,020,724
First 6 months 1955	21,685,449

However, the market possibilities for Canadian manufactured goods are limited in most cases by the competition from well-established domestic manufacturers and by the remaining quantitative restrictions on industrial imports from the dollar area. On the other hand, Canadian manufacturers have the advantage of lower capital costs, frequently lower raw material prices, and experience in meeting the needs of a prosperous community. The German standard of living is rising but it does not yet permit large-scale mass production of a number of semi-luxury goods. Unit costs of some Canadian producers may thus fall below those of their German counterparts, despite higher wages in Canada.

Canadian exporters finding encouragement from a preliminary market survey for their products in West Germany should arrange, if possible, to study marketing conditions at first hand, to visit potential agents, and to explain special sales techniques to the West German representatives. In particular cases it may be found most effective to appoint two or more agents on a regional basis, to set up a West German subsidiary, possibly in partnership with a German firm, or to arrange a licensing agreement if Canadian exports are excluded. In any of these cases a visit by a member of the Canadian firm is worthwhile.

Effects of Rearmament

German rearmament is still in the planning stage and therefore it is too early to attempt to assess accurately its probable economic effects. Broadly, the influence of this process will depend on the total amounts to be spent on it and on the proportion of contracts that will be allocated to German firms. In addition to determining the extent of the rearmament expenditure, a means of financing is to be decided upon. Estimates place the sum required to rebuild German armed forces at between DM60 billion and DM80 billion. It is assumed that about DM10 to 33 billion of this amount would represent United States equipment and heavy weapons. The Minister of Finance has stated that only DM9 billion per year has been planned for forthcoming purchases and that this is not to be increased. At this figure the financing of German rearmament would take at least five years. It is estimated that conscription of the 500 thousand-man army will begin in the middle of 1957. Only in 1959 would the military forces be up to planned strength in personnel and equipment. With many industries already working at full capacity, there is considerable speculation over the economic impact of rearmament orders.

It is generally assumed that most orders for non-military goods, including clothing, leather goods, furniture, and civilian-type equipment, will be placed with German firms, and that the awarding of contracts will begin in 1956. Orders for some other types of equipment may be placed abroad, especially where the necessary new investment in West Germany would take place at the expense of the export industry. Furthermore, new rearmament investment will be designed as far as possible to assist normal production and avoid hindering exports.

However, it is possible that the large-scale German rearmament may act to reduce the level of German exports, at the same time creating an inflationary pressure on the domestic market which, in turn, would stimulate imports of non-military goods. The removal of 500 thousand workers and potential workers from the German labour market in a period of almost full employment will no doubt put a severe strain on the labour market. Economics Minister Erhard has repeatedly emphasized free enterprise and it seems likely that rearmament will be carried out as far as possible through the operation of the free market economy. Specific opportunities for Canadian exporters to participate in the German market as a result of rearmament measures can only be assessed once the actual rearmament is under way and the policy on the calling of tenders has been clarified.

In Summary

The very rapidity of the industrial expansion in West Germany suggests that an eventual slow-down or period of consolidation can be expected. It is difficult to predict when this will arrive; few observers believe that it is imminent. Whether German exports will continue to make gains in international markets despite rearmament is also doubtful. Future competitive success will probably lie largely with the German worker, who was able to increase hourly output by 6·5 per cent in 1954 although wages rose by only 2 per cent. The average working week is 49 hours. These facts, together with a reservoir of industrial know-how, a high level of investment (exceeding 21 per cent of the gross national product in 1954), and a determination to "recover" may well serve to bolster Germany's trading position for some time to come. ●

Australia *attacks its trade problems*

J. C. BRITTON, *Commercial Counsellor, Sydney.*

With an expanding economy absorbing imports rapidly and value of merchandise exports falling, Australia has been forced to restrict foreign purchases and accelerate its export drive. Government also is stressing need to increase productivity in industry and to lower prices of exports.

AUSTRALIA TODAY confronts a foreign trade problem which demanded action only a month ago. This problem is the booming demand for imports—imports which have had to be financed partly out of reserves. On June 30th, the end of the fiscal year 1954-55, imports had risen by 23·9 per cent to £840 million, compared with £678 million in 1953-54. Since June 30th, the rise has continued and the overseas reserves have dropped from £428 million to £370 million. Import demand from both consumers and industry is persisting, with employment at a peak, the level of savings high, and business prospering.

Accentuating the difficulty is the fact that the value of merchandise *exports* has been falling; for the year ended June 30th, exports reached £758 million, compared with £811 million for 1953-54, a decline of 6·5 per cent. The trade deficit for 1954-55 thus reached £173 million. The fall in exports resulted mainly from a drop in the price of wool, rather than in the volume of shipments. The demand for wool continues good, but competition in overseas markets on flour, barley, meat and dairy products is becoming keener.

Import Controls Announced

On September 27th, the Prime Minister announced measures to deal with Australia's trade and other problems. Included was an intensification of import restrictions to reduce imports by £80 million a year, brought into effect on October first, the beginning of the new licensing quarter. This marks the second cut in imports instituted by Australia during 1955; the previous one was made on April first and the full effect of it has not yet been felt. The new restrictions* have, it is said, been carefully worked out so that they will disrupt present rates of production as little as possible.

Australia's import requirements cover a very wide range, with the emphasis on raw materials, machinery and capital goods, semi-manufactured items for further processing, and components not available from domestic production. There is a substantial demand for imported textiles both in the form of piece goods and apparel which, with petroleum products, metals, metal manufactures and machinery, accounted for an important percentage of Australia's record imports in the past fiscal year. The country depends on outside sources of supply for some chemical raw materials, lumber, rubber, tobacco and tea, and these commodities also bulk large in import totals.

The more important sources of supply are listed in the table below.

	Year Ended June	
	1955	*1954*
	(£A'000 f.o.b. port of shipment)	
United Kingdom	378,182	331,701
United States	101,708	73,254
Germany	30,849	21,365
Arabian states	27,634	27,925
India	26,001	18,475
CANADA	23,845	18,742
Indonesia	22,513	21,972
Ceylon	19,346	13,490
Japan	18,441	6,545
France	14,673	11,793

Export Drive Expected

When the import restrictions were announced, the Prime Minister also made plain that the export drive would be accelerated and a greater number of trade missions sent abroad to survey old and new markets for Australian products. The Government and industry together will also seek ways and means of diversifying exports. This, naturally, is a long-range program

* For further details on these import restrictions and commodities affected in dollar area, see *Foreign Trade* of October 15, 1955, page 27.

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because it entails greater productivity in industry and lower export prices. It is essential, however, if Australia is to meet the competition in her traditional markets in Southeast Asia and the Far East.

The drive to stimulate exports may result in the establishment of an export credit scheme; the matter is under active study at the moment. The Government emphasizes the need for competitive prices if Australia is to obtain export business in manufactured and processed products. The present internal cost structure in Australia, it was pointed out, makes it difficult to expand exports appreciably. As part of the plan for increased export trade, the Government will invite Australian exporters to re-examine traditional trade practices.

Primary Products Lead

The fact that the bulk of Australian exports consists of primary products is borne out by the figures for fiscal 1954-55. The table shows also wool's predominant position.

Australia's Leading Exports

Product	*Year Ended June 1955* (in £A'000)	*1954*
Wool (greasy and scoured)	353,103	410,423
Meats	63,548	56,340
Wheat	45,358	30,957
Sugar (cane)	31,149	31,592
Butter	24,589	16,053
Flour	21,190	30,602
Hides and skins	19,711	19,441
Lead (pig)	17,182	18,550
Fruit (canned)	15,322	14,186
Barley	10,357	14,870

Australia's trade with the currency areas worked out as follows:

Area	*(in millions A £) 1954-55 Exports to*	*Imports from*	*1953-54 Exports to*	*Imports from*	*Deficit or Surplus 1954-55*	*1953-54*
Sterling area (exclusive of U.K.)	£142	£145	£129	£113	−£ 3	+£ 16
Dollar area	£ 69	£126	£ 71	£ 93	−£57	−£ 22
OEEC area	£187	£121	£213	£ 90	+£66	+£123

The United Kingdom continues to be Australia's chief customer, taking £285 million worth of her exports in fiscal 1955, a drop of £15 million from the previous year. The United States took £52 million worth of goods in fiscal 1955, compared with £55 million in the previous year.

Principal individual markets for Australian exports other than the United Kingdom and the United States in the year were France £64 million (£74 million in fiscal 1954); Japan £58 million (£55 million); New Zealand £37 million (£33 million); Italy £36 million (£51 million); Germany £31 million (£27 million); Belgium £30 million (£32 million); India £19 million (£14 million) and Hong Kong £17 million (£7 million).

Canada-Australia Trade

Imports into Australia from Canada in fiscal 1954-55 totalled £23,854,000—a substantial increase from £18,742,000 and £19,546,000 in the two preceding fiscal years. Import controls imposed by Australia on products from the dollar area confined purchases from Canada in fiscal 1955 to a limited range of commodities, including lumber, newsprint, motor vehicles and parts, chemicals, aluminum, synthetic rubber, asbestos, copper, special steels, synthetic fibre and canned fish.

Australia's exports to Canada in fiscal 1955 were valued at £10,510,000—down slightly from £11,037,000 in the previous year and well above the £8,712,000 in fiscal 1953. The more important commodities shipped from Australia to Canada in the year were sugar, wool, meats, fruit products and wines.

Policy Will Be Reviewed

The success of the government measures to attack the economic problems will be watched with interest. The policy was announced after a series of discussions between the Government and financial, industrial and commercial leaders. The keynote of the new economic policy is restraint in spending and development in order to ensure the continuance of Australia's present prosperity. Stress has been placed on co-operation between Government and the public in an effort to tackle successfully the economic emergency facing the country. The Prime Minister indicated that vigorous corrective measures would be introduced if the present voluntary, co-operative approach fails in its objective of improving Australia's balance of payments position. To enlist public co-operation, periodic progress reports are to be issued by the Treasury. An economic report is also to be presented to Parliament by the Government in March or April 1956.

Protection for Fruit

A new weapon against birds which damage soft fruits was introduced in the Netherlands this year —an artificial sparrow hawk that, suspended by an invisible nylon cord, soars realistically above orchards. Initial trials have given promise of success in protecting cherry crops which normally suffer serious loss, despite the one million guilders spent every year to protect them. Another recent discovery in the Netherlands is that starling and thrushes do not like the colour blue. Blue rags and blue tinfoil suspended in fruit trees have proved surprisingly effective in preventing bird damage to soft fruits.

fairs and exhibitions

London to See Canadian Woods

IN THE WORKSHOPS of the Canadian Government Exhibition Commission, the final touches are being put on an exhibit devoted to Canadian timber. This exhibit, which contains samples of almost every kind of Canadian wood exported, has been designed for the Building Trades Exhibition being held at Olympia in London from November 16-30.

Featured in the display will be a section of a house frame showing typical Canadian construction methods and uses for Canadian woods. The entire exhibit has been made from Canadian woods. For example, Douglas fir will appear in posts, Pacific Coast hemlock in the ceiling, western red cedar in decking and ceiling, white pine in baseboards, floor mouldings, casings and unglazed windows. Flooring will be shown in birch and maple, and spruce has been used for boards, sheathing and sub-flooring. Other woods included in the exhibit, some in the form of sample boards, are red pine, Sitka spruce and Pacific Coast cypress. Plywood will, of course, appear in many varieties, and also hardboard and softboard, shingles and shakes.

The various associations representing the forest products industry from coast to coast have co-operated in supplying the materials for the Canadian display.

In the Showroom

BOWING OUT of the Canadian Showroom in Rockefeller Center on October 29th is an exhibit of premium quality Canadian meat products which opened there on October 6th. The succulent display included ham (bone-in and bone-out, cooked and uncooked, canned and wrapped), a wide variety of pre-cooked canned meats and sandwich spreads, and fresh meats in refrigerated display cases. The twelve firms which co-operated with the Department of Trade and Commerce in the exhibit were:

Burns & Co. (Eastern) Ltd., Kitchener.
Canada Packers Ltd., Toronto.
Chicago Kosher Sausage Co. Ltd., Winnipeg.
Coleman Packing Co. Ltd., London.
Drach's Kosher Food Products Ltd., Outremont.
Essex Packers Ltd., Hamilton.
F. W. Fearman Co. Ltd., Hamilton.
Intercontinental Packers Ltd., Saskatoon.
J. René Ouimet Ltd., Montreal.
Select Food Products, Toronto.
Societé Francaise de Specialites Alimentaries Ltée., Montreal.
White Packing Co. Ltd., Stratford.

Next in the Showroom is the largest display of Canadian fisheries products ever shown there. It will open on November 10th and run until December 9th.

Thirty-six Canadian fish producers and packers are co-operating to provide a cross-section of the more than 70 varieties of Canadian fish and shellfish available to consumers in canned, smoked, fresh and frozen, pickled and dried forms. Among the principal kinds are salmon, lobster, cod, haddock, halibut, whitefish, lake trout, pike, pickerel, herring, sardines, clams, mackerel and oysters. Eight of Canada's ten provinces are represented in the show—seven firms from Newfoundland, four each from Prince Edward Island and New Brunswick, ten from Nova Scotia, two each from Quebec and Ontario, one from Saskatchewan and six from British Columbia. Every year 70 per cent of Canada's fisheries products are marketed in more than 80 foreign countries; last year these exports reached a value of about $200 million.

Frankfurt Plans for Spring

SPRING seems far away but in Frankfurt, planning for the international fair brings it closer. In 1956 the Frankfurt International Spring Fair will be held from March 4 to 8, with exhibitors drawn from the consumer and finished goods industries. The products they will display include: textiles and clothing; handicrafts and applied art; office and business equipment; soap, perfume, cosmetics; sporting and camping equipment; paper goods; packing material; book and art publishing; store equipment; musical instruments; prepared foodstuffs and delicacies.

The fair organization states that more than 300 thousand buyers visited the Fair last year, 27,000 of them foreigners from 30 countries.

On November 15th the fair officials will begin to allot the exhibitor space; they therefore urge that applications for space be made immediately. For further information, get in touch with the First Secretary (Commercial Affairs), Embassy of the Federal Repub-

lic of Germany, 580 Chapel Street, Ottawa, or write to the Fair Offices at: An das, Messe-Amt., Abtl. 111, Frankfurt am Main, Postschliebfach 1X/9104.

Trend to Automation

AUTOMATION starred at the National Machine Tool Show, held in Chicago from September 6 to 17. The latest techniques in automatic control and automation were on display. Among the more interesting items were:

- An instrument which checks parts at the rate of 3,000 per hour.
- An automatic feed screwdriver which feeds screws into position like bullets from a gun and drives them home.
- A remote control counter. When it is attached to a machine the operator can control production from another room.

Sales at the show indicated a strong trend among manufacturers to increase automatic operations in their plants. One example of this trend is in the appliance industry, which is following the lead of automobile manufacturers in using highly automatic tools. Another example is the aircraft industry which is switching from hand forming in frame construction to automatic machines.

Exhibitors at the show were limited to members of the U.S. National Machine Tool Association. The business visitor list of over 100 thousand included buyers from Europe, Latin America and Canada. Business was good in most lines at the show, but appeared to be best for manufacturers of specialist tools and equipment designed for automatic operation. Prices on the new models ranged considerably higher than on previous lines. However, most machines included additional automatic features, and their makers claim that increased production more than offset increases in price.

Specialists Only Invited

THE PUBLICITY MATERIAL for two French exhibitions emphasizes as one of their attractive features that attendance is restricted to those who are in the business—the simply curious are not invited. These exhibitions are the 3rd International Exhibition of Dairy Equipment and the 10th International Exhibition of Bottling Equipment and Connected Industries. They run concurrently, from November 5 to 14, in the Parc des Expositions, Paris.

Dairy experts will see machinery for treatment and transformation of milk and derived products, and boiler equipment. Other phases of the industry illustrated at the show will be transportation and handling, cleaning and maintenance, heating and refrigeration, industrial control and regulation. Some exhibitors will show auxiliary products, such as rennets, colouring matters and ferments.

Treatment, packing and handling of a wide variety of liquids—wine and spirits, milk and fruit juice, vinegar and pharmaceuticals, chemicals and perfumes—will be featured in the bottling equipment show. Instruments for laboratory and analysis work, and accessories such as glass, corks, caps, labels, bottle racks and cases will also be found here.

If you are interested in visiting these exhibitions, write to: Commercial Attaché, Embassy of France, Ottawa, or to the organizers at 28 rue Louis-le-grand, Paris.

Fair Calendar

NORTH AMERICA

4th National Packaging Exposition, Toronto, November 8-10. For information: Packaging Association of Canada, 916 Yonge Street, Toronto.

Canada's Power Show, Montreal, November 8-11. For information: Institute of Power Engineers, 1176 Sherbrooke Street West, Montreal.

2nd International Automation Exposition, Chicago, November 14-17. For information: Richard Rimbach Associates, 845 Ridge Avenue, Pittsburgh 12, Pa.

Boat Show, Seattle, November 19-27. For information: General Manager, 800 8th Avenue, Seattle 4, Washington.

Wholesale Furniture Show, Montreal, November 21-26. For information: Jean Blanchard, Ch. 293, Palais du Commerce, Montreal.

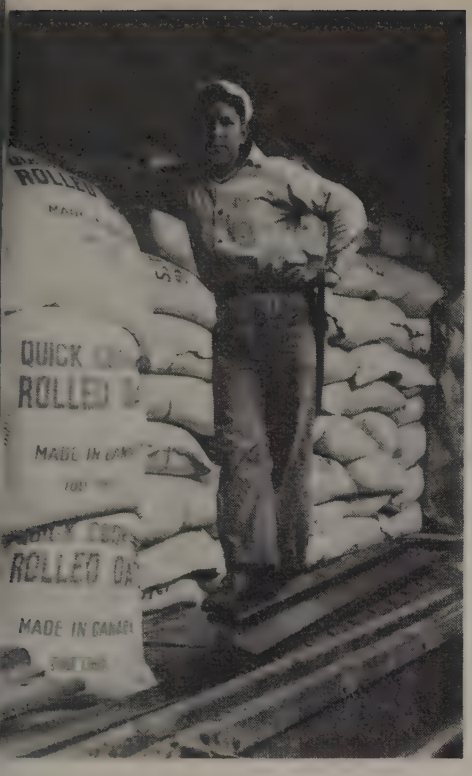
25th Chemical Industries Exposition, Philadelphia, December 5-9. For information: International Exposition Company, 480 Lexington Ave., New York, N.Y.

OVERSEAS

Ethiopian Silver Jubilee Fair, Addis Ababa, Ethiopia, November 12-December 4. For information: Commercial Counsellor, Canadian Embassy, Cairo, Egypt.

26th Building Exhibition, London, England, November 16-30. For information: The Building Trades Exhibition Ltd., 4 Vernon Place, London, W.C.1.

Second Colombian International Fair, Bogotá, Colombia, November 25-December 11. For information: First Secretary and Consul, Embassy of Colombia, Suite 16, Roxborough Apts., Ottawa, Ontario.



In Peru—(left) This Peruvian worker stands ready to unload a shipment of 100 tons of Canadian quick-cooking rolled oats which has just completed its journey from Vancouver, British Columbia, to Callao, Peru.

In Spain—(below) At Villafranca del Panades in the Province of Barcelona, this group of farmers watch intently while a "Pony" tractor imported from Canada demonstrates its usefulness.

Canada in Foreign Markets

Canadian exporters are invited to contribute to this series photographs of their products in use or on sale in foreign markets. Photographs should be adequately captioned, properly protected for mailing, and addressed to: The Editor, "Foreign Trade", Department of Trade and Commerce, Ottawa.

In the United States—A Canadian whisky manufacturer ran a window display competition this year among his U.S. dealers. This attractive Arctic scene was designed by a Detroit dealer.

In Ceylon—The Ceylon Government leather factory at Mattakuliya, Colombo, imports leather from Canada for the shoes it produces. The picture shows a worker chopping soles.

Markets for Mining Machinery

Last year Canada sold to foreign countries mining machinery and parts worth $2·8 million; that figure could be increased. The reports below discuss two areas where sales opportunities appear promising.

Federation of Rhodesia and Nyasaland

Minerals take first place in this territory; mining machinery and equipment from dollar area allowed free entry.

COPPER MINING is the backbone of the economy of the Central African Federation; in 1954, out of total exports of $411 million, copper accounted for $242 million. But many other valuable minerals have been discovered in recent years and the following table gives some idea of the recent growth and present size of the mining industry.

Number of Mines in Operation

	1949	*1954*
Asbestos	24	26
Beryl	.....	30
Chrome	29	32
Coal	1	2
Copper	4	11
Gold	431	253
Ironstone	2	3
Lead and zinc	1	3
Limestone	9	10
Mica	7	4
Tin	4	11
Tungsten	6	8
Other	25	32
Total	543	425

This rapid growth in production has been accompanied by an increase in the number of mines in operation, as the table below reveals. The two exceptions are the gold and mica producers.

Both British and American money has been invested in the development of the mining industry and opinion is virtually unanimous that the potentialities of mineral production have barely been scratched. The future market for mining machinery and equipment should be a good one.

Methods of Marketing

Most of the equipment in the mines at present is British and American. In 1954 the import figures for general types of mining machinery and equipment were:

	Pounds sterling
Cranes and elevators	837,752
Buckets and tip trucks	224,160
Rock drills and spares	1,126,090
Mining machinery, other	3,476,459
	£5,664,461

These figures, however, do not include electrical equipment or many of the other things with which the mines

Output of Principal Metals and Minerals

	Unit	*1949*		*1954 (Provisional)*	
		Quantity	*Value in £'000*	*Quantity*	*Value in £'000*
Copper, blister	tons	218,028	23,549	229,572	48,008
Copper, electrolytic	tons	72,143	7,706	194,472	43,133
Gold	1,000 fine oz.	529	5,209	536	6,689
Asbestos	tons	79,638	3,987	79,962	5,923
Chrome ore	tons	268,421	986	442,509	2,493
Zinc	tons	25,592	1,973	29,736	2,075
Lead	tons	15,709	1,410	16,802	1,446
Cobalt alloy	cwt.	30,379	645	23,819	965
Cobalt metal	cwt.	.....	.....	13,173	1,383
Lithium ores	tons	.....	.....	54,050	282
Tungsten concentrates	tons	27	8	259	166
Beryllium ore	tons	.....	.....	1,078	141
Coal	tons	2,114,015	912	3,029,329	2,702
Other metals and minerals		.....	474	.....	811
Total			£46,859		£116,217

must be equipped to carry on their operations successfully.

The majority of foreign mining supply companies who do business in the Federation either sell directly to the mines (usually through a local commission agent) or to a local firm which buys stocks for its own account for resale to the mines. To date, exports of Canadian equipment have been small, when one remembers that Canada is known as one of the foremost mining producers in the world. In 1954, sales of Canadian "mining machinery and parts" to the Federation only totalled $45,512.

Although a wide range of Canadian merchandise is on the list of goods prohibited entry into the Federation because of dollar shortages, mining machinery and supplies are not included and may enter freely from the dollar area. Hence there is a good opportunity in this market for Canadian manufacturers of mining machinery and supplies. Companies which would like to explore the possibilities should get in touch with the Canadian Trade Commissioner's office in Salisbury.

—WILEY J. MILLYARD,
Trade Commissioner, Salisbury.

Cuba

Current mineral developments and government interest in them should increase market for certain types of mining equipment, though U.S. is traditional supplier.

THE MINING INDUSTRY IN CUBA has recently made impressive technological progress and has laid plans for further expansion. Nickel, cobalt and copper are in the van. However, the current uranium rush (a small one) is attracting increasing interest, cement production is rising, and important developments in the mining of non-metallic minerals and in quarrying are in prospect. All this means new sales opportunities for Canadian manufacturers of mining and quarrying machinery and equipment.

Large and Small Producers

Of some 135 mines registered with the Mines Branch of the Ministry of Agriculture, approximately 25 are in current operation. The most important are the nickel-cobalt operations at Nicaro and Moa Bay, the Moa chrome workings, manganese at Charco Redondo, copper at Matahambre, Fomento, San Francisco and Cienfuegos, and pyrites at Matanzas. Cienfugos also has some iron ore production.

Few of the remaining mines have a daily production justifying greater investment in machinery and handling equipment. However, the expected co-ordination of mining operations under CENCAM (Comision Ejectutiva Nacional de Cooperativas Agricolas y Mineras) will presumably mean a market for crushing and screening equipment and ore-processing plant, even in the case of small, remote diggings little better than pick and shovel operations at the moment.

These small operations are nearly all open-cut. This is characteristic of most mines in Cuba where a few only, in following their ore bodies, have been able to go into extensive shaft and slope works. As a result, the use of underground loading machines, shuttle cars, track and conveyors is limited to these few major operations. Similarly, apart from the big nickeliferous ore-extraction and the five copper and zinc concentrating plants in Pinar del Rio and Las Villas provinces, the more advanced physical and chemical processing of ores is not done in Cuba; the ores are exported in crude form. Metric tonnages shipped in 1954 were:

Copper	88,931
Iron	76,392
Chrome	8,944
Nickel	123,261
Manganese	234,709
Others (chiefly silica, gold, hematite, magnetite, and pyrites)	18,000

Chief Suppliers of Equipment

Chief supplier of the extractive and handling equipment for this industry has traditionally been the United States. Local production of such machinery is negligible because the Cuban engineering industry limits its participation to foundry and repair work which cannot be done at the mine site and does not require the services of the foreign manufacturer.

Mining machinery and equipment is covered by Cuban tariff item 216B at a rate of 8 per cent, common to U.S. and most-favoured-nation countries. (The latter must also pay a surcharge of 20 per cent.) Customs exemption is provided for in a few instances—such as in the nickel mines and other operations where a new process is being employed, or in the exploitation of minerals not previously mined in Cuba.

Though item 216B is a catch-all for nearly all types of industrial machinery and mining machinery is not

the major or only component, an indication of the proportion of duty-free imports under this item is given below:

Cuban Imports of Machinery and Parts
Item 216B

DUTY-PAID	*1935*	*1952*
	$	$
Total	8,530,218	9,741,707
From United States	6,906,381	8,563,351
From other countries	1,623,837	1,178,356
DUTY-FREE		
Total	2,166,631	7,166,933
From United States	1,959,496	6,608,298
From other countries	207,135	558,635
Grand total, imports	10,696,849	16,908,640
Percentage duty-free	20	42

The following table, based on official U.S. and Canadian statistics, shows shipments to Cuba of mining machinery by main classes during the period 1952-54.

Exports of Mining Machinery to Cuba

	1954	*1953*	*1952*
From UNITED STATES (total)	$981,688	$691,456	$976,244
Crushers, grinders, pulverizers and parts	239,529	126,005	142,403
Screeners and crusher-screening outfits	61,515	23,835	7,061
Hoists, winches, windlasses, capstans and parts	36,359	102,862	275,463
Mine conveyors, chain, belt, shaking and parts	9,868	3,356	18,470
Underground loading machines	1,694	12,512	.....
Ore and coal preparing machines	151,265	28,340	20,185
Hoists, mine shaft and slope	44,405	133,541	55,833
Specialized mining machines, equipment and parts	68,286	71,440	87,427
Rock and core drills and power augers	69,013	55,243	165,131
Mining drill bits, reamers and parts (Source: U.S. Bureau of the Census)	299,754	134,322	204,271
From CANADA (total) (Source D.B.S.)	14,897	41,899	899

Present Opportunities

The great bulk of this equipment was imported by the major mines, all of which, in addition to their Cuban headquarters, have administrative and purchasing offices in New York. Although many North American and European manufacturers of mining machinery are represented in Cuba, it is more usual for the big mines particularly to have their own purchasing agents place orders directly with the maker. Local representatives, however, can be helpful in supplying early information on mining developments which spell potential opportunities for their principals.

—G. A. BROWNE,
Commercial Secretary, Havana.

Castles in Spain

SILHOUETTED AGAINST THE SKY, grain elevators symbolize the Canadian West and stand as the sentinels of prairie towns. So in Spain mediaeval castles stand starkly on the hilltops looking down protectively on the "pueblos" of the meseta, for whose defence they were built.

There seems to be little similarity between the towering prairie elevators and the ancient fortresses of Spain's grain-growing areas. The knights of old would share our surprise that the officials of the Spanish National Wheat Service, beset by a wheat storage problem, have decided to use the castles to solve it.

The National Wheat Service has announced the acquisition of Torrelobaton Castle, in the province of Valladolid, and Arevalo Castle, in the province of Avila, and is currently negotiating for the purchase of

To solve its grain storage problems, the result of bumper crops, the Spanish Government is acquiring castles like this one at Simancas in the province of Valladolid. The external appearance of the castles will be carefully preserved.

Montealigue and Esquena Castles, in the province of Valladolid, and investigating the possibility of securing others.

The large imports of wheat in 1953 and the 4·5 million metric ton harvest in 1954 have created a storage problem. This 1954 crop was approximately 15 per cent above Spain's annual consumption requirements. The 1955 crop now being harvested is estimated at 3·5 million metric tons. The 1954 barley crop of 2·1 million metric tons was also well above average and this year's barley crop is estimated at 1·2 million tons.

(continued on page 28)

Venezuela Buys Canadian Grain

A. G. KNIEWASSER, *Assistant Commercial Secretary, Caracas.*

Last year Venezuela purchased $485,374 worth of Canadian grain, chiefly oats, barley and wheat. Here is a brief review of the market for each of them.

OATS—Venezuela is now Canada's second most important market for feed oats; shipments last year totalled 347,149 bushels worth $360,526. Canadian exporters, in fact, supplied over 98 per cent of all the feed oats imported into Venezuela in 1954.

Imported for Racehorses

The main demand for feed oats is from owners of racehorses and imports are not expected to increase greatly over the next few years. Importers definitely prefer Canadian oats and, if prices remain competitive or nearly competitive with United States quotations, we should continue to obtain the bulk of the business. No import licences are required and the duty is low—Bs.0·01 per gross kilogram.

Purchasing channels are well established, however, and it would be difficult for additional Canadian firms to enter this trade. The business is currently being conducted under credit terms ranging up to 90 days.

BARLEY—Venezuela imports only small quantities of barley for animal feeds. Requirements total about 8,000 bushels a year and Canadian exporters last year supplied 7,769 bushels worth $9,885. United States firms secured the rest of this business.

Barley is not widely used as an animal feed in Venezuela. Farmers here are accustomed to using domestically grown maize, imported oats, and a variety of native grasses and plants. The biggest demand is from the animal feed manufacturers, most of whom have established sources of supply in the United States. The largest manufacturer is, in fact, a wholly owned subsidiary of a United States firm.

Barley Sales Could Rise

A greater share of the business in barley may be possible for Canadian exporters. Most of the animal feeds manufacturers are willing to purchase from Canada if prices are competitive. And, although the market is limited, exporters, when they know they are competitive, might well make a practice of sending regular quotations to these companies.

The import duty on barley for animal feeds or as an ingredient for prepared feeds is Bs.0·10 per gross kilogram. No import licences are required.

WHEAT—Venezuela is not an important wheat-producer. Some wheat is grown in the Andean highlands and there are a number of very small mills producing flour in that region. Most of the country, however, relies on imported flour. No precise figures are available but it is believed that wheat imports last year totalled some 140 thousand bushels. Canada supplied 41,876 bushels worth $85,963.

At the present time, the main demand for imported wheat stems from animal feed producers and from a number of local firms engaged in the production of a Spanish type meal known as "gofio". This is a mixture of wheat and corn meal which is cooked with milk to produce a porridge popular with the large Spanish element in the Venezuelan population. Import licences are required for all wheat shipments. Customs duties amount to Bs.0·02 per gross kilogram.

Flour Mill Planned

It is expected, however, that Venezuela will become an important wheat importer. The Government has announced that a modern mill will be established in central Venezuela, probably at one of the country's principal seaports, Puerto Cabello. A number of projects are under consideration, and although there has recently been some delay, it is believed here that the project will undoubtedly go forward in the near future. Flour consumption in Venezuela reached a record total of 145 thousand metric tons in 1954 and is increasing annually by about 7 per cent. The proposed new mill is to have a capacity of some 125 metric tons of flour per day. Wheat imports of about 1·6 million bushels a year can therefore be expected when the mill is in operation. ●

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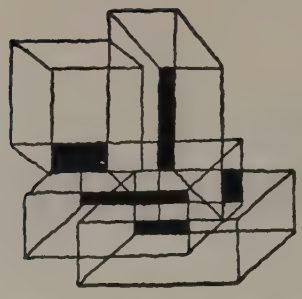

commodity notes

Angola

COFFEE—Although the coffee crop in some regions of Angola will suffer as the result of poor weather, it is now estimated that the total harvest will reach about 60,000 tons and the percentage of first-quality coffee will be much higher than last season. Carry-over from the previous harvest is estimated at 10,000 tons, making a total of about 70,000 tons available for export. Exports for 1953 and 1954 amounted to 71,564 and 45,593 tons, respectively—Lisbon, Oct. 7.

Australia

ASBESTOS—The Commonwealth Tariff Board has recommended that no assistance be granted to the Australian asbestos industry. An Australian asbestos company had requested a tariff rate of 40 per cent on all imports of asbestos fibre which is duty-free at present. The duty would be remitted if manufacturers used at least 15 per cent of Australian blue in their total fibre consumption. The main reasons given by the board for its refusal were: the excessive cost to both cement manufacturers and users; the fact that the industry did not appear to have any prospect of being able to supply more than a part of Australian requirements; that protection as sought by the company would be accompanied by "repugnant compulsory conditions", and that assistance by subsidy would require the compulsory use of local materials—Melbourne, Oct. 3.

Brazil

COTTON—Cotton exports through the port of Santos during the months of March, April and May amounted to only 20,245 tons, compared with 76,404 tons in the same period of 1954. This decline is attributed to a reduction in available stocks because last year exporters were able to draw upon the stocks accumulated by the Production Finance Commission from the 1952-53 crops. Japan continued to be the principal buyer (3,570 tons), followed by Great Britain (3,188 tons) and Germany (3,134 tons)—São Paulo, Oct. 7.

Federation of Rhodesia and Nyasaland

TEA—A new tea estate which will produce about $3 million worth of tea a year is being developed in Southern Rhodesia. Known as the Inyanga estate it is in the Pungwe Valley about 180 miles from Salisbury and 3,700 feet above sea level. More than 5,000 acres of uncultivated land are being developed by a London company and an associated company is now planning to use 10,000 acres. The estate will be the most up-to-date in Africa—Salisbury, Oct. 10

Finland

PAPER—Finnish paper exports (excluding kraft liners and other kinds of board) are expected this year to reach a total of about 750 thousand metric tons, nearly 100 thousand tons more than last year. Production of paper is expected to show a corresponding rise from 847 thousand to 950 thousand tons. Newsprint production will probably be 75,000 tons over the 1954 figure of 442 thousand tons. Last year's newsprint exports totalled 392 thousand tons; this year's are estimated at 460-470 thousand tons—Stockholm, Oct. 7.

Hong Kong

BERYL—Promising deposits of beryl-bearing pegmatite rock have been discovered in Hong Kong. A licence to prospect an area believed to contain at least four rich veins has been granted by the Government of the Colony, and American engineers are being brought in to investigate the commercial prospects and recommend about exploiting the finds—Hong Kong, Oct. 3.

India

PEPPER—Pepper exports declined sharply in value during 1954-55, despite an increase in quantity. Shipments rose from 255,220 cwt. in 1953-54 to 273,782 cwt. in 1954-55, but their value fell sharply from Rs.128·6 million to Rs.69·5 million. Bigger sales to the United States were mainly responsible for the larger shipments. Exports to the United Kingdom and France fell sharply; the USSR also bought less. Shipments to Egypt and Italy improved slightly. Increased pepper production in Indonesia and Sarawak was responsible for the sharp drop in prices and the decline in India's world markets—New Delhi, Oct. 10.

CASHEW NUT SHELL LIQUID—The Indian Standards Institution has recently prescribed minimum standards and methods of test for cashew nut shell liquid which is used as a natural phenolic ingredient in the manufacture of moulded plastics, lacquers, enamels and insulating varnishes. India produces some 5,500 tons of cashew nut shell liquid out of an estimated world production of 8,000 tons. Most of the Indian production is exported—New Delhi, Oct. 8.

Pakistan

ANTIBIOTICS—Pakistan's first antibiotic processing plant has been opened in Karachi by a Danish pharmaceutical firm. The factory's staff of about 100 will be engaged initially in production of anti-tuberculosis drugs and vitamin preparations, as well as antibiotics —Karachi, Oct. 4.

South Africa

URANIUM—With twelve plants in production and two more under construction, South Africa's uranium output continues to rise. Establishment of a new plant to treat gold residue slimes, with a monthly capacity of 100 thousand tons, has just been announced. A ten-year contract for the uranium has been signed. The rise in uranium production can therefore be expected to continue—Cape Town, Oct. 12.

Sweden

WOOD PULP—In the first half of 1955, Sweden exported approximately 888 thousand metric tons of chemical pulp valued at 657 million kronor—an average f.o.b. value of 740 kronor per metric ton; corresponding figures for 1954 were 942 thousand tons, 653 million kronor and 695 kronor. Exports of mechanical pulp during the period totalled 168 thousand metric tons worth 57·7 million kronor, an average f.o.b. value of about 345 kronor per ton. Corresponding figures for 1954 were 142 thousand tons, 49·9 million kronor and 350 kronor.
According to preliminary figures, 1,480,000 tons of chemical pulp were produced in the first half of 1955, compared with 1·4 million during the same period in 1954—an increase of about 5 per cent—Stockholm, Oct. 12.

United Kingdom

CHIPBOARD—A modern £400 thousand factory has just been opened in Annan, Dumfriesshire, to make chipboard. Production in the 46,000-square-foot plant is based on a continuous flow process and will be stepped up to 30 million feet a year. The machinery is of German manufacture and cost about £250 thousand—London, Oct. 14.

BICYCLES—Value of U.K. exports of bicycles, parts and accessories in August increased by almost £1 million over the same month of 1954. The figures for August 1955 were 257,917 units, valued at £3,239,714, compared with 166,661 worth £2,278,229 in August 1954. Total export earnings in the first eight months of this year were £20,139,666, compared with £18,733,999 in the same period last year.
The United States, the U.K.'s largest market, bought 308,386 bicycles in the first eight months of this year. Other markets in order of value this year are Nigeria, India, Rhodesia and Nyasaland. Canada, the fifth most important market, imported 67,887 bicycles worth £536,382 in the period January to August. This is an increase of 1,009 bicycles, valued at £5,726, over the first eight months of last year—London, Oct. 14.

United States

CRANBERRIES—Only small losses of berries resulted from the torrential rains of August 18th and 19th. Current estimates place the Massachusetts cranberry crop at 610 thousand barrels, compared with 590 thousand barrels produced in 1954. The record crop occurred in 1953 when 690 thousand barrels were harvested—Boston, Oct. 18.

MEAT—According to the U.S. Department of Agriculture, per capita consumption of all meats in the U.S. is expected to reach a near record in 1955, averaging 160 pounds per person compared with 153 pounds last year and the record 163 in 1908. Preliminary production figures show an 11 per cent increase in hog production for a pig crop of 101 million. Slaughter of cattle and calves may approximate 40 million this year compared with 39·3 million in 1954. Sheep and lamb slaughter is up 5 per cent from last year for the first half of 1955 and in the second half is expected to approximate the same period of 1954—Washington, Oct. 17.

BLUEBERRIES—Hot, dry weather in July and August has cut down the Maine blueberry crop. Growers estimated production at August 1st to be 25 to 30 per cent below 1954. Size of berries was medium to small; worm damage was light and quality was reported good—Boston, Oct. 18.

West Germany

RADIOS—Exporting 30 per cent of its production, the West German radio industry led all exporting countries during 1954. The German Industry Institute in Cologne believes that large gains can also be made in television export markets by organizing the best TV experts in a working group—Bonn, Oct. 14.

South Africa
an interim report

Brisk business, rising national income, increased foreign trade have featured Union's progress this year. Drop in exchange reserves and unfavourable trade balance, however, seem to rule out further relaxations in import controls in near future.

A. WORDEN EVANS, *Trade Commissioner, Cape Town.*

THE PICTURE PRESENTED by the South African economy so far this year is a pleasant one. The national income continues to expand; savings are mounting; rental and wholesale business is brisk; import and exports are up; government revenues are buoyant, and production of gold and atomic material has risen sharply.

Naturally, the Union still has some problems to face. Some difficulties have arisen in the balance of payments and these difficulties are reflected in a rise in the unfavourable balance of trade and some decline in the foreign exchange reserves. The transportation and communications facilities are inadequate and overloaded, and the labour situation is tight. The last is particularly serious. The Governor of South Africa's central bank recently remarked that "the principal limiting factor in our economy will probably, for some time at least, continue to be the shortage of labour".

Import Control Relaxed

The Minister of Commerce and Industry has repeatedly stated that import control will be removed as soon as possible. An extra £35 million was allocated this year for the relaxation of control. The increased flow of imports which resulted, accompanied by a sharp drop in the influx of capital, induced the fall in the reserves of gold and foreign exchange mentioned above. Some persons are concerned about the extent of this and it is unlikely that controls will be eased further this year. The possibilities for 1956 are difficult to predict but the odds at present are against any major change.

The Board of Trade and Industry has received numerous requests for higher duties from industries seeking tariff protection in the event that import control is removed. The Board's decisions to date, made after a careful study of all the factors, give little indication that the Government wants to encourage high-cost industrial development sheltered behind tariff walls, although selected industries have received a larger measure of protection.

Trade figures to the end of May reflect the boom in business. Imports went up to £202·8 million, compared with £185·4 million for the same period last year, because of easier controls. Consignments of government stores fell from £14·1 to £10·3 million; imports of merchandise thus actually expanded by £22·1 million—from £170·4 million to £192·5 million.

It is interesting to note that purchases of luxury goods increased. Customs figures show a rise of £993 thousand during January-March to a total of £1·8 million for the customs item which includes jewellery, timepieces, fancy goods, musical instruments, toys, tobacconists' wares and sporting requisites. The value of imports of other consumer goods—such as glassware, chinaware, household crockery, women's dresses and hosiery—has also risen.

Exports displayed a healthy tendency to rise, advancing from £137 million to £143 million for the same period, mainly because of shipments of atomic materials which, at £9·9 million for the period January-May 1955, were more than double the £4·6 million exported during the same months of last year.

Canada's trade with the Union followed the general trend; imports from Canada for the six months ended June 30th rose to $29·5 million compared with $23·2 million last year. Shipments of lumber chiefly accounted for the increase, but automobiles, railway rolling stock and parts, tinned sardines and salmon, paper and paper products also made gains and a number of other products showed minor increases.

For the five months ending in May, Canada's purchases from the Union were slightly higher than last year's $1·8 million. Large shipments of peanuts were largely responsible for the increase.

Agriculture Has Good Year

The outlook for agricultural production this year is excellent. Output of deciduous and citrus fruits has already set new records and sugar production is

expected to be at an all-time high. The maize crop is well above the ten-year average and the wool clip has reached over a million bales, a figure only exceeded in 1933.

Wool—Wool follows gold as a major earner of foreign exchange. It is therefore interesting to note that results of wool sales in the Union for the year ended May 31st showed a clip of 290·4 million pounds, an increase of 22·1 million pounds over last season. The fall in average price from 57·45d. to 48·63d per pound, however, lowered the total return from £64·2 million to £58·8 million. Sales for the past five seasons are illustrated by the table below:

Year	*Net Weight (lb. million)*	*Total Value (£ million)*	*AveragePrice (pence per lb.)*
1950-51	227·5	90·8	95·79
1951-52	244·6	49·1	48·14
1952-53	256·8	60·5	56·55
1953-54	268·3	64·2	57·45
1954-55	290·4	58·8	48·63

Maize—The good crops of the past few seasons have produced not only sufficient quantities of maize for domestic consumption but also a substantial surplus for export. This year will be no exception, although, at 36·4 million bags of 200 pounds, this year's estimate is nearly three million bags lower than the record crop of last year. The surplus has become burdensome, posing major problems in financing and storage and adding to the strain on the transportation system.

Sugar—Preliminary forecasts indicate that sugar output will top by 61,945 tons last year's record 828,555 tons. With domestic consumption running at about 600 thousand tons, less than 300 thousand tons will be left for export under the Commonwealth Sugar Agreement.

Fruit—In spite of early unfavourable weather, last season's exports by the deciduous fruit industry set a new record of 3·8 million boxes of fruit shipped, some 170 thousand boxes more than last year. Returns to growers are expected to show a slight decline.

This year's bumper citrus crop is expected to provide a record 6·7 million boxes for export, topping last year's all-time high by more than 300 thousand cases. Special ships have been chartered to carry the crop but some will have to be shipped without refrigeration. Production of citrus fruit is expected to continue its increase and by 1960 may reach 10 million cases.

Wheat—It is hoped that the larger wheat acreage this year will bring a larger crop. Weather conditions have not been too favourable in most areas, but they have improved during the past two months.

Livestock—There was the usual acute seasonal shortage of beef but this has not eased. At the present time, beef is unseasonably scarce because deliveries of cattle have fallen to a record low. Only 46,700 head were slaughtered in the controlled areas during June, compared with 51,900 head last year. Delivery of hogs was down, but sheep were more plentiful.

Output of Mines

The over-burdened railway and harbour facilities held down base metal production during the first half of the year but output of gold and atomic materials rose sharply. Three new gold mines came into production during the first half of the year and the tonnage milled reached more than 62 million tons for the first time in five years. Although the industry earned record revenues of £158·6 million, operating expenses reached a peak of £128·4 million to absorb over 90 per cent of the increase. Output of atomic materials, which in the Union is associated with gold mining, showed a substantial jump. Exports for the first five months totalled £9·9 million, some £5 million ahead of the same period last year.

Early returns show that diamond production and sales are exceeding those of last year. The brisk activity in the United States, which accounts for 75 per cent of the demand for both gem and industrial stones, seems to suggest that the record sales of £69·7 million in 1952 may be surpassed.

Sales of the other four major minerals in the first six months were as follows, with the 1954 figures in brackets: copper 13,253 tons (16,602), chrome ore 158,081 tons (197,045), asbestos 36,979 tons (35,844) manganese 161,109 tons (243,561). Declines reflect transportation difficulties.

Transportation Problems Difficult

The effort to overcome bottlenecks in transportation and communications has made some progress but much remains to be done. The serious coal shortage of last winter has not returned but with the continued expansion of the economy, both the railways and harbours are unable to cope with the traffic offered. Expenditures by the railways and harbours and by the Post Office, (which runs the telephone and telegraph facilities) have reached new highs, but one of the major stumbling blocks is shortage of staff. This is even causing delays in the handling of mail.

Secondary Industries

Secondary industries are enjoying generally satisfactory conditions, but the rapid expansion of the past few years has given place to a period of consolidation. The labour shortage, combined with uncertainty over tariff policy, is having a deterrent effect. In spite of greater tariff protection, the clothing industry is feeling the competition from cheap imports. The large Rhodesian market has been affected by the new trade agreement with the Federation, where in many lines South Africans must now compete on even terms with the United Kingdom.

The business outlook is good. Apart from any other factor, the heavy government spending necessary to overcome transportation and communications difficulties, to provide increased electric power for the expanding economy, and to make efficient use of the Union's scarce water resources will ensure against any sudden drop in business. Agricultural exports are meeting increasing competition but mechanization is helping to lower costs and intensive research is aiding output. The labour shortage is a basic problem that will not be easily overcome and wise guidance will be needed to hold inflation in check. Gold, as the major balancing factor in the balance of payments, is the most vulnerable of all the Union's exports as rising costs press heavily against the fixed price.

Removal of import control now appears more remote than it was a few months ago, but there seems to be no doubt that it will continue to be relaxed gradually as the balance of payments permits. South Africa is an expanding market which no Canadian businessman should neglect and exploration of it can be rewarding although competition is keen.

Syria Weathers Business Depression

Poor cereal crops have cut down exports, affected sales, and brought tightening in bank credit; improvement expected when large cotton crop is harvested. Canadian sales to Syria in 1954, however, doubled over 1953; price is primary market factor.

G. F. G. HUGHES, *Commercial Secretary, Beirut.*

AN ALMOST COMPLETE FAILURE of the barley crop, a poor wheat harvest, a tightening of bank credit, and instability on the political front have made business stagnant throughout Syria. Heavy stocks of a wide variety of imported goods, bought in the flush of last year's bumper crops, lie unsold. But despite the unsold tractors, combines, trucks, tires, irrigation pumps and the like, there is no despondency about the future. Hopes are pinned on the cotton crop this year and more favourable growing conditions for grain next season.

Compared with 1954, Syria has had a very disappointing grain crop. Barley, the chief export cereal, was a failure and wheat production dropped from 940 thousand tons in 1954 to about 600 thousand tons, according to latest estimates. The Director of Agriculture is quoted as stating that the loss in exports will amount to £S100 million compared with last year's record figures. To ensure adequate stocks for local consumption and seeding, export of cereals is strictly controlled. Some exports of wheat have been allowed, but on condition that a similar quantity of foreign wheat is imported. In this way the purchase of 25,000 tons of Australian wheat was authorized. As the position becomes clearer, it is estimated that normal wheat exports may be resumed, possibly up to 200 thousand tons.

Adding to the feeling of depression among agriculturalists and business men generally has been the tightening of bank credit in May, brought about partially by government instigation. Riding on the crest of good crop conditions in 1954, banks had been encouraged to grant credit to importers and growers alike. The forecasts of poor crop returns this year brought an immediate stiffening of bank credit and in many cases the call-in of notes. Creditors now realize that unpaid bills must be extended until payment is possible, rather than the tactics of foreclosure adopted. These steps would merely topple the whole shaky structure and prevent any chance of recuperation. The big hope is now in cotton and from all indications the crop will be the largest on record. Estimates vary between 85,000 and 100,000 tons compared with last year's 65,000. France has been the best customer, taking over half of the 42,000 tons exported in 1954. Britain, Italy, Lebanon and Germany were next, in descending order.

Economy Marks Time

From the point of view of national economic development, 1954 and the first six months of 1955 was a period of marking time. Although the International Bank Mission which visited Syria in March of 1954 indicated several development projects which might rate loans, no formal application has yet been made.

Nor has any definite action been taken on the Extraordinary Budget, passed in June 1955 by the Council of Ministers, which provides for an expenditure of about £S1,000 million over six years. The principal projects envisaged are: railroad, Lattakia-Aleppo-Kamishlieh, £S200 million; Yousef Pasha dam on the Euphrates, £S100 million; irrigation project on the Khabour, £S20 million; Wadi Barada irrigation and hydro-electric project, £S20 million; Nahr el Kabir irrigation project, £S12½ million; grain elevator construction, £S38 million; improvement of port of Tartous, £S·5 million.

Damascus International Trade Fair

Held for the second consecutive year, the Damascus Fair opened on September 1st and ran for a month. A total of 22 nations participated, a slight reduction from last year. The newcomers included Japan, Indonesia, Poland and East Germany. Visitors who remembered last year's fair could not fail to notice the absence of the immense pavilion of the USSR. The United States, which last year made such a hit with the Cinerama show, did not participate. In order of space taken, the principal exhibitors were Syria, East Germany, China, Italy, Czechoslovakia, the Netherlands and Poland. Though it is somewhat early to judge results, it is estimated that attendance figures were considerably lower than those of last year, reflecting not only the general business depression, but no doubt also the natural reluctance of the thrifty peasant to pay to see something little different from last year.

Customs Duties Raised

To discourage the excessive import of "luxury" goods, the Government raised the customs duty on a wide variety of commodities. The increases, which became effective on June 2nd, affect a wide range of manufactured goods, including automobiles, refrigerators, washing machines, clothes dryers, radios, gramophones, space heaters and cooking stoves other than electric, toys and dolls.

The following figures based on official statistics will not demonstrate the need for exchange conservation, as they show export surpluses both in 1953 and 1954. But it must be remembered that import statistics are based on the official rate of the Syrian pound of 2.20 to the dollar, whereas the true rate by which imports must be paid for is approximately 3.60. For example, the surplus indicated for 1954 as £S57 million turns out to be a deficit of £S168 million.

	1954	*1953*
	(in £S × 1,000)	
Imports	408,000	307,050
Exports	465,000	369,439
Indicated surplus	57,000	62,389

The following statistical table is useful mainly to show Syria's principal trading partners:

Imports from:	*1954 (in £S × 1,000)*	*Exports to:*	*1954 (in £S × 1,000)*
United States	49,180	Lebanon	123,805
Britain	48,771	France	72,272
France	48,063	Netherlands	42,496
West Germany	39,458	Britain	29,495
Lebanon	38,567	Belgium	29,490
Italy	25,709	West Germany	27,932
Saudi Arabia	14,724	Jordan	20,942
Netherlands	14,176	United States	19,157
Belgium	13,497	Denmark	19,149
India	9,963	Italy	18,284
Yugoslavia	9,917	Saudi Arabia	12,001
Jordan	9,064		

Market for Canadian Goods

In 1954 Canadian exports to Syria continued the healthy growth evident in 1953. Exports in 1954 totalled $1,168,759—more than double the previous year's $577,551. The commodity pattern remained more or less similar: the principal increases occurred in agricultural machinery, which jumped from about $300 thousand to $500 thousand; in tires and tubes, which rose from $80,000 to over $200 thousand; and in Douglas fir lumber, which doubled to $122 thousand from $60,000. Other important products included medicinal preparations (including antibiotics) brake linings, latch needles, used clothing, and newsprint. Newsprint appears for the first time in many years as a Canadian export to Syria. Syria, like most other Middle Eastern countries, normally obtains her supplies of newsprint from Scandinavia, Austria, Czechoslovakia, and other European countries which have been able to offer at cheaper prices.

Syria is a small but interesting market, well worth considering. Despite the set-back this year the country has all the essentials for steady if unspectacular growth and purchasing power is bound to increase.

Though there are restrictive regulations and some prohibitions on the import of certain products grown or manufactured locally, imports are on the whole subject to few obstacles (beyond the boosted customs duties) and foreign exchange is freely available.

Because the economy is basically agricultural, Syria imports largely those commodities connected with the farm, (such as agricultural machinery, irrigation pumps, chemical fertilizers and insecticides) and with farm maintenance and the moving of farm products to destinations (trucks, cars, tires, auto parts, roadmaking machinery, construction materials, etc.).

The market for consumer goods, including household appliances, is growing in importance but in supplying this market Canadian exporters must always keep in mind the comparatively low level of individual incomes. Though quality and appearance have their value, the one vital factor is cheapness.●

New England Pioneers

the fish stick industry

D. H. CHENEY, *Consul and Trade Commissioner, Boston.*

Over 70 million pounds of fish sticks will be produced in the United States this year. Popularity of this three-year-old product has boosted demand for frozen fish blocks and slabs from Canada and this demand should continue.

BACK IN 1952 the outlook for New England's fish industry was none too promising. This was particularly true for the frozen fillet manufacturers, who had tried to induce their countrymen to eat more fish, but with small success. Late that year, something new in prepared seafoods made its appearance—the "fish stick".

In the beginning, fish sticks did not arouse too much interest. But production increased slowly during the first half of 1953, as producers experimented with raw materials and equipment and worked to improve quality, taste and packaging. By mid-year, monthly production in the United States had quadrupled. It doubled again in August and by the end of the year it had increased twenty-fold to two million pounds. And fish sticks were being hailed as the biggest development in the fishing industry in 200 years.

Monthly production rates climbed steadily throughout 1954 and reached 4·9 million pounds by the end of the year. The trend has continued this year, with monthly production at a high of 7·1 million pounds in March and at 5·7 million pounds in June. The table on the left gives the details.

U.S. Production of Fish Sticks 1953-1955

(in 1,000 lb.)

Month	*1955*	*1954*	*1953*
January	5,121	2,771	115
February	5,786	3,180	133
March	7,148	4,003	148
April	6,254	3,814	35
May	5,151	3,915	22
June	5,665	4,447	31
July	.....	3,876	417
August	.....	4,403	454
September	.....	4,311	809
October	.....	5,652	1,435
November	.....	4,816	1,902
December	.....	4,972	2,001
Total	.....	50,160	7,502

Source: U.S. Fish and Wildlife Service.

From the outset New England has been a leader in the development and production of fish sticks. Of some 50 U.S. plants processing fish sticks, approximately 20 are in New England and new plants have been opening every few months. The city of Gloucester, Massachusetts, has become the principal manufacturing centre in New England, followed by Portland, Maine, Boston and New Bedford, Massachusetts, and Providence, Rhode Island.

From Factory to Consumer

Fish sticks are made primarily from cod although ocean perch (rosefish) and haddock are also used. The raw material is a large block or slab of frozen fillets. Sizes and weights vary widely. Several examples of blocks currently used are as follows:

11½″ × 20″ × 1½″	13½ pounds
11⅜″ × 10″ × 1¼″	7 "
16″ × 22″ × 1 1/16″	10 pounds 4 ounces
19″ × 10″ × 2¼″	19½ "

The blocks or slabs are run through high-speed saws to obtain small fingers or "sticks" approximately 3½″ × 1″ × ¾″. Still frozen, the sticks are placed on an automatic conveyor which passes them successively through a prepared batter and a liberal sprinkling of cracker crumbs. Some sticks are removed at this point and packaged to be sold as "raw breaded" fish sticks. These, of course, must be cooked by the consumer. The remainder continue through a large tank where they are slowly fried in deep fat and then quickly cooled in special cooling chambers.

Packing is done by hand, usually 10 sticks to a 10-ounce package, the popular consumer size. Packages are closed and wrapped automatically and then proceed immediately to the quick freezing room. Larger three and five-pound packages are also produced, principally for the restaurant and institutional trade. Damaged or imperfect sticks are culled from the conveyor and put up for hospitals and similar institutions. Current wholesale prices are $3.50 to $3.75 per dozen 10-

The frozen blocks, made by laying groundfish fillets in cartons or pans and freezing them, are here sawn into sticks about 3½ inches long. Later they will be coated with a batter and crumbs and fried in deep fat.

ounce packages of precooked and breaded sticks. The present retail price in New England is 37 to 39 cents per 10-ounce package.

Although the process appears simple, a good deal of expensive machinery and equipment is required to produce high-quality sticks. Plants must be kept spotlessly clean and the cooking process carefully controlled. It is a business which requires substantial capital investment and for this reason, most of the present manufacturers are larger, well-established firms in the fish and food manufacturing industries.

Canada Supplies Blocks

From the start Canada has been the leading foreign source of the frozen fish blocks and slabs from which fish sticks are made. All stick manufacturers agree that the quality of the finished product depends mainly upon the quality of the raw material. Blocks and slabs poorly packed and frozen or made from old or imperfect fillets can result in heavy losses at the fish stick plants. The Canadian fish industry has established a high reputation for itself among American fish stick manufacturers.

Blocks and slabs are made by carefully laying the groundfish fillets in waxed cartons or long flat pans and freezing them into the solid shape. It is important that the block be packed uniformly and as solidly as possible with fillets in order to prevent cracks and "voids" (air pockets) from developing during freezing.

The sizes of the blocks or slabs are governed by the specifications of the U.S. stick manufacturer who has a contract with his Canadian supplier. Because there is great variation in these sizes the Canadian manufacturer also faces a substantial capital outlay in equipping his plant with a variety of shapes and sizes of pans and cartons. As the industry develops and gains experience, however, it is hoped that stick manufacturers will be able to agree on blocks of fairly standard sizes.

Canadian Exports Increase

Although Canadian manufacturers are prevented from shipping raw and precooked fish sticks to the American market by a prohibitive U.S. tariff of 20 per cent and 30 per cent respectively, they have grasped and held the lead as suppliers of the frozen groundfish blocks and slabs. Iceland is the closest competitor, followed by Norway, Denmark and West Germany.

The accompanying table which shows U.S. imports of groundfish fillets during 1954 and 1955 gives a reasonably accurate picture of how this trade has developed. Statistics on actual imports of blocks and slabs cannot be obtained at the moment.

U.S. Imports of Groundfish*

(millions of lb.)

	1954	*6 mos. to June 1954*	*6 mos. to June 1955*
Canada	86·0	34·9	44·1
Iceland	37·0	19·4	10·5
Norway	4·7	2·8	2·2
Denmark	2·7	1·8	3·3
West Germany	3·6	2·1	1·9
Total, all sources	135·7	61·9	61·7

* Including ocean perch fillets.
Source: U.S. Fish and Wildlife Service.

Although the total volume of U.S. imports of groundfish fillets has remained practically unchanged, Canadian shipments have increased one-third in the six months to June 30th this year, compared with the same period in 1954. The drop in Iceland's shipments is probably accounted for by larger sales to Russia and loss of orders through higher prices quoted to U.S. users.

Future Looks Bright

The industry has grown phenomenally since 1953. In that year 7·5 million pounds of sticks were produced; in 1954 production rose to 50 million and estimates are that 1955 output will climb by 25 to 50 per cent to a new high of over 70 million pounds. The industry has good reason to feel optimistic about the future; it will continue its efforts to tap consumer markets farther from producing centres, with a good chance of success. In addition, this new product has given a healthy stimulus to the whole precooked frozen food industry, including other types of seafood.

Meanwhile Canadian suppliers of fisheries products are grateful to the fish stick for providing them with welcome markets both at home and across the border. ●

United States Extends Trade Agreements Act

R. G. C. SMITH, *Commercial Counsellor, Washington.*

Last summer the U.S. Congress passed, after bitter argument, a bill extending the Reciprocal Trade Agreements Act for three years and amending it in several ways. Here is an explanation of these amendments and how they may affect Canadian trade with the United States.

A BILL to extend the Reciprocal Trade Agreements Act (designated H.R. 1) was the first legislation introduced into the Congress when it convened on the fifth of January of this year. It proved to be one of the most bitterly contested pieces of legislation and occupied the attention of Congress for most of the session. It was finally passed with amendments and approved by the President. Another bill to simplify customs procedures and to amend the present methods of valuation for duty purposes (H.R. 6840) had a late start in the session and remains as unfinished business. Both of these pieces of legislation are of great interest to Canadian exporters.

The passage of the Reciprocal Trade Agreements Act may affect considerably Canadian exports to the United States—not because it provides for the possibility of any worthwhile reduction in rates of duties on imports but because, as a result of the amendments introduced by the Senate, the grounds on which domestic industry may appeal for revision of tariff rates or of tariff concessions established by trade agreement have been widened considerably.

New Bill Changes Act

The Reciprocal Trade Agreements program has been in operation, in one form or another, since 1934. Under it, Congress delegates to the President power to negotiate trade agreements with other countries. Each time the Act has been renewed, the President's authority to amend tariff rates has been clearly defined and generally limited to changes in the tariff expressed as a percentage of the rates existing on a certain date. For example, the limits fixed by the 1951 Act were amendments up to 50 per cent of the rates in effect on the first of January, 1945.

The new Act, which follows closely the recommendations of the Randall Commission, extends the President's negotiating authority for three years—until June 30, 1958. However, the scope of new tariff negotiations is greatly narrowed, in that the President may now only negotiate tariff reductions up to 15 per cent of the rates in effect on January 1, 1955, or he can reduce to 50 per cent ad valorem (or its equivalent in specific duties) any rates in effect over that level. All or any such reductions must be made in three equal annual instalments. In such negotiations, he must secure reciprocal advantages.

As mentioned previously, the passage of the Trade Agreements bill through the House of Representatives and the Senate was hotly contested. At one time in the House, its passage hung on a single vote. However, it was in the Senate that the amendments of principal interest to Canadian exporters were introduced. These amendments concern the "escape clause" and provide additional grounds on which United States industries or primary producers may seek relief from tariff reductions established by trade agreement, or in the case of industries considered vital to the national security, increases in the existing rates whether or not they have been reduced by trade agreement.

Meaning of the "Escape Clause"

Much has been written about the escape clause and its general effect on trade with the United States. It might be well to summarize its basic meaning in order to understand the new amendments more easily.

In essence, the "escape clause", which was made mandatory in 1951 for all trade agreements entered into by the United States, provides that any United States producer or manufacturer may apply to the Tariff Commission for relief from tariff concessions. The applicant must, of course, prove that "a product on which a concession has been granted is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported in such increased quantities, either actual or relative,

as to cause or threaten serious injury to the domestic industry producing like or directly competitive products". If the Tariff Commission recommends a change in the tariff, the matter is referred to the President for a final decision.

The two cases that have recently drawn so much attention were the President's decision in July 1954 to increase the duty on certain types of Swiss watch movements and parts, and in August 1955 to increase by 50 per cent the duty on imports of bicycles (heavy bicycles from 15 to 22½ per cent and lightweight bicycles from 7½ to 11¼ per cent). The Swiss watch case was settled principally on the basis that the American industry was essential to national security; the bicycle case was determined on the basis of substantial injury to an American industry.

Although these two cases have drawn public notice and inspired controversy, it must not be assumed that because an item is considered by the Tariff Commission, the domestic industry will be automatically favoured or its claim for protection recognized. In fact, the occasions on which concessions have been withdrawn or modified as a result of the "escape clause" applications are few. Since 1948, 61 cases have been filed with the Commission. Of these, only 13 were recommended by the Commission to the President for action and in only six did the President decide to take action.

(This record does not include applications for relief under the Agricultural Adjustment Act, which applies to agricultural products under government price support. Most of the eligible agricultural products—such as cotton, wheat, flour, nuts, wool, dairy products, oats, rye and barley—have received protection of one kind or another from this other avenue of "escape". However, as the Agricultural Adjustment Act was not affected by amendments to the Reciprocal Trade Agreements Act, it need not be considered in this article.)

New Act Widens Grounds

Now, as a result of the amendments written into the Trade Agreements bill by the Senate, industries may apply for protection from imports on the following additional grounds:

1. That imports of an article are being made in such quantity as to threaten to impair the national security;

2. That increased imports have *contributed materially* to serious injury or threat of injury. Previously it had been necessary to prove that injury was caused *principally by* increased imports;

3. That one section of an industry has been seriously damaged by imports. Previously it had been necessary to show that the industry as a whole was damaged—for example, velveteens being damaged by imports may now seek protection for that one type of textile, even if the manufacturer of a wide range of textiles has not been seriously hurt because of continued prosperity in other lines.

These new "escape routes" have not yet been tested but it is clear that they do make it easier for industries to seek additional customs protection from imports, in spite of any existing trade agreement. There has been no rush of applicants to take advantage of the new routes since the revised act came into effect. Nor is this surprising, given the healthy and vigorous economic climate. Furthermore, the machinery for handling applicants for relief under the "security amendment" (example one immediately above) is not yet defined. It is not intended that such cases shall necessarily be handled by the Tariff Commission. Responsibility for processing them rests with the Office of Defense Mobilization and that agency has appointed an adviser and small staff to deal with any cases that may arise. It is also fairly certain that public hearings will be held and the Tariff Commission used to assemble factual data. Since the Commission is not organized to study security problems, however, ad hoc committees tailored to fit each individual case may, where necessary, carry out the full investigation and draw up final recommendations for the President.

Imports of Crude and Residual Oil

For some time the Administration has been under strong pressure to limit imports of crude and residual fuel oil, on the ground that both the domestic oil industry and the coal mining industries have been suffering from a steady increase in oil imports.

Last February a cabinet committee appointed by the President to look into this issue drew up a statement that, in effect, called upon importers to limit oil imports to the same proportion of domestic production as in 1954. Since then, imports have been increasing at a rate greater than domestic production and ODM has started its investigation under the security amendment.

The fluorspar and cordage interests have also appealed for help and it is known that other industries are about to apply in the near future to use the new escape route.

President's Powers of Discretion Not Impaired

It is obvious that, as a result of the new bill which was originally designed to authorize the extension of the Presidential authority to negotiate trade concessions on a reciprocal basis, the domestic producers will find it easier to appeal for relief from current rates of duty. However, there is nothing in the new legislation that in any way impairs the right of the President to reject or amend Tariff Commission findings or recommendations.

In non-security appeals, if the President does not take action pursuant to a recommendation from the Tariff Commission within 60 days, he is still required to report to the Congressional committees, stating why he has not made adjustments to the tariff nor imposed quotas, if these were recommended. But he has freedom of action to reject recommendations on whatever grounds he considers appropriate.

In the "security" appeals to the Office of Defense Mobilization the position is somewhat different, but the President even then has the undiminished right to reject or modify the recommendations. ". . .If the President agrees that there is reason for such belief (i.e., that an article is being imported in quantities sufficient to threaten to impair the national security) the President *shall* cause an immediate investigation to be made to determine the facts. If, on the basis of such investigation . . . the President finds the existence of such facts, he *shall* take such action as he deems necessary to adjust the imports . . ."

From this wording it is plain that the President has two occasions on which to exercise his discretion—first on the receipt of the appeal from ODM, and second, on the presentation of the fact-finding report. It is only if he agrees that there is a threat of impairment to the national security, and after he accepts the findings of the subsequent investigation, that he must take action. And it is he who makes the final decision about what that action is to be.

A second article by Mr. Smith, to be published shortly, will deal with the bill to simplify customs procedures and amend the present methods of valuation for duty purposes (H.R. 6840)—Editor.

trade commissioners on tour

FROM TIME TO TIME Canadian Trade Commissioners return to Canada to bring themselves up-to-date on conditions here and to renew their contacts with businessmen. Details of their itineraries appear under this heading, as a service to exporters and importers who wish to discuss trading problems with them.

H. J. HORNE, Commercial Secretary in Lima, Peru, began his Canadian tour in Vancouver, October 17-27. His itinerary is:

Saskatoon—Nov. 1
Winnipeg—Nov. 2-4
Toronto—Nov. 7-17
Hamilton—Nov. 18-20
Welland—Nov. 21
Brantford—Nov. 22
London—Nov. 23
Windsor—Nov. 24
Sarnia—Nov. 25
Goderich—Nov. 28
Woodstock—Nov. 29
Guelph—Nov. 30
Ottawa—Dec. 1-7
Montreal—Dec. 8-15
Quebec—Dec. 16

R. K. THOMSON, Commercial Secretary in Karachi, Pakistan, began his Canadian tour in Victoria, September 12-13, and completes it in Ottawa, October 31-November 11.

M. P. CARSON, Consul and Trade Commissioner in São Paulo, Brazil, began his Canadian tour in Vancouver on October 3. His itinerary is:

Goderich—Nov. 1
London—Nov. 2
Brantford—Nov. 3
Thorold: St. Catharines—Nov. 4
Hamilton—Nov. 7
Fergus—Nov. 8
Montreal—Nov. 14-25
Quebec—Nov. 28-29
Ottawa—Nov. 30

C. M. FORSYTH-SMITH, Commercial Secretary in Sydney, Australia, begins the first part of his Canadian tour in Halifax on October 31st. His itinerary is:

Saint John—Nov. 1-2
Quebec—Nov. 4
Montreal—Nov. 7-8
Toronto—Nov. 21-Dec. 2
St. Catharines—Dec. 5
Welland—Dec. 6
Hamilton—Dec. 7
Windsor—Dec. 8
Ottawa—Dec. 9-18

Businessmen in the various centres may get in touch with these officers through the following organizations:

Board of Trade—Brantford, Goderich, Guelph, Montreal, Quebec, Saint John, Saskatoon, Thorold, Woodstock.

Chamber of Commerce—Calgary, Fergus, Hamilton, London, Niagara Falls, St. Catharines, Sarnia, Welland, Woodstock.

Canadian Manufacturers Association—Toronto, Winnipeg.

Department of Trade and Commerce—Ottawa.

General notes

Angola

OIL REFINERY—Information has been received from Luanda that the company empowered to exploit Angola's petroleum reserves plans to build a refinery. Construction will start as soon as authority is received from the Central Government, and the refinery will go into production in two years. Production, according to the plans, should reach 30,000 barrels a day—Lisbon, Oct. 7.

Australia

OVERSEAS FUNDS DOWN—Gold and balances held abroad by the Central Bank fell by £6m to £327·1m in the week ended September 7th. Decline in the previous week was £6·9m. The funds have fallen by £46·8m in the first ten weeks of the current financial year, compared with a decline in the same period of the last financial year of £60·9m to £44·5m—Sydney, Oct. 5.

Chile

FARM TRACTOR PLANT—The Chilean Development Corporation has announced its approval of a project to set up a plant to make farm tractors, with financial and technical aid from the Italian firm FIAT. The Corporation states that during the past few years Chile has been importing farm tractors at the rate of 2,000 a year—Santiago, Oct. 13.

Egypt

TRADE DEFICIT—Egypt's foreign trade figures from January 1st to the end of July 1955 show exports at £E67,380,189 and imports at £E93,316,012. This compares with £E86,497,955 and £E84,125,775, respectively, in the same period last year. The value of cotton exports was £E59,567,713 compared with £E74 million in 1954—Cairo, Oct. 7.

India

METAL EXCHANGE OPENED—In mid-August trading began on the new Bombay Metal Exchange Limited. The Exchange, the first in its field in India, provides a market forum to dealers and brokers in virgin non-ferrous metals. Although there has been a forward market in metals in Bombay for some time, the new institution will facilitate hedging operations by dealers and fabricators, and will establish daily prices arrived at through the interplay of market forces as interpreted by members—Bombay, Oct. 4.

Israel

ELECTRIC POWER—Israel's present electricity generating capacity of 237 thousand kw. is to be increased by 60 per cent within the next 30 months. Two new power stations are now under construction. One, in the Tel-Aviv area, scheduled for completion early in 1956, will add 40,000 kw. to present capacity. The second station, being built in the south at Sukeir, will produce 100 thousand kw. when completed, equalling the output of the country's largest station, the Reading Power Station in Tel-Aviv. The Sukeir station is designed to generate 50,000 kw. by the summer of 1957 and to reach full production capacity early the following year. During 1954, electricity consumption in Israel totalled 901 million kwh. (up from 558 million in 1951 and 759 million in 1953), of which 261 million kwh. were supplied to industry and 201 million kwh. to agriculture—Athens, Oct. 10.

Italy

ATOMIC CENTRE—It is reported that the Italian Government intends to establish an atomic experimental centre which it is hoped will be completed by 1958. Considerable prospecting for uranium has already been undertaken and a promising field has been located in Northern Italy—Rome, Oct. 12.

Jamaica

OIL EXPLORATION—A Bahamas company has been granted a licence to explore for oil in the Turks and Caicos Islands, dependencies of Jamaica. The licence includes the territorial waters out to the 100-fathom line—Kingston, Oct. 10.

Northern Ireland

FOREIGN TRADE—Northern Ireland's external trade increased by almost £55 million in 1954 to £552,190,000, compared with £497,232,000 in 1953. The adverse trade balance was reduced to £14,762,000. Although higher prices are reflected in the returns, the figures for the tonnage of goods imported and exported show an overall increase in the volume of trade.

Imports increased by about £24 million to £283,476,000 (£259,181,000 in 1953); exports also rose by over £30 million to £268,714,000 (£238,101,000). Direct seaborne imports from Canada totalled

£10,836,000, as against £8,141,000 in 1953, making Canada the chief supplier outside Great Britain and the Irish Republic—Belfast, Oct. 17.

Norway

ENGINEERING CONTRACTS ABROAD—A Norwegian engineering firm has been commissioned by the Venezuelan Government to draw up plans for installing electric smelting furnaces and equipment for transport and treatment of raw materials in a large steel plant to be built in Venezuela.
Three other Norwegian engineering firms have signed a contract to build a civil airport in Diredaua in Ethiopia, between Addis Ababa and Djibouti. The work began in June and will take about a year to complete—Oslo, Oct. 14.

South Africa

POWER CONSUMPTION INCREASES—The June index of electric power consumption at 189 (1948=100) hit a new peak; average of the first six months at 174 was 14 per cent higher than the same period last year. The rise was the result principally of industrial growth in the Transvaal and Orange Free State, particularly mining. Many consumers are on a quota and, in spite of the continuing expansion of production, electricity will not be freely available for some time—Cape Town, Oct. 12.

Sweden

FOREST RESOURCES—According to a recent survey Sweden's forest resources (bark included) amount to over 2 milliard cubic metres. The estimated regrowth amounts to 63 million cubic metres annually, whereas cutting for 1953-54 reached 51 million cubic metres (40 million in 1952-53) including bark. Cutting in Northern Sweden is considered to be too high and there is a current lack of young forests. Unless a stricter cutting policy is observed, the supply situation in 50 years' time could be seriously strained—Stockholm, Oct. 14.

Turkey

RADIO STATIONS—R.C.A. has been awarded the contract to build three new radio broadcasting transmitter stations at Izmir, Adana, and Erzurum; the first two are scheduled for completion in 18 months. The three transmitters will be of 50-100 kw. capacity each, and will operate on the medium wave band. The contract also calls for the expansion and modernization of existing facilities at Radio Ankara—Athens, Oct. 7.

United Kingdom

TOURIST TRADE—The British Travel and Holiday Association estimates that more than one million overseas visitors will come to the United Kingdom this year. Their spending here will exceed £150 million and at least one-third of this amount will be dollar earnings. For July alone, the number of United States visitors to the U.K. increased by 33 per cent over July last year to total 50,000.
The Travel Association foresees a steady increase in the tourist trade and has pointed out the urgent need for more hotel accommodation. A minimum increase of 3,000 rooms in London and about 5,000 throughout the country is needed—London, Oct. 18.

ENGINEERING CONTRACTS—For the year ended in March, United Kingdom civil engineering contractors completed work worth £70 million and had orders on hand of about the same volume. Although precise amounts are not available, it is estimated that the comparable figures three years ago were between £30 and £50 million.
The most important area for British contractors is Africa, where work worth £22 million was completed last year. The Middle East, with its large oil interests, is second; other important markets are Australasia, the Far East, South America and Canada. A number of British contractors have already undertaken civil engineering for atom plant schemes and are anticipating contracts abroad in this field—London, Oct. 18.

Venezuela

INSURANCE COMPANIES—According to Venezuelan government figures, there are now 36 insurance companies operating in this country. Fifteen are Venezuelan, nine American, six British, three Canadian, two Dutch and one Swiss. Premiums collected during 1954 totalled $35·8 million—Caracas, Oct. 12.

West Germany

VOLKSWAGEN PLANT IN BRAZIL—Negotiations between the Government of Brazil and the Volkswagenwerk G.m.b.H., Wolfsburg, for construction of a Volkswagen assembly plant in São Paulo have been successfully concluded and calls for tenders have been issued. Construction is expected to take at least a year—Bonn, Oct. 17.

KRUPP INDUSTRY IN TURKEY—According to an announcement from Radio Ankara, a contract has been concluded between the Turkish Government and a representative of Friedrich Krupp, Essen, for construction of a second centre of heavy industry in Turkey. The annual production capacity of the project is expected to be about 400 thousand tons of crude steel. The annual capacity of the first plant, which is located at Karabue, is only 150 thousand tons—Bonn, Oct. 17.

The jasmine fields in southern France play an important part in the perfume industry. These women are gathering the jasmine blossoms at the height of the flowering season.

Fragrance for Foreign Markets

From fields of flowers bordering the Mediterranean, skilled chemists produce the perfumes and beauty products that have made France famous. These fragrant exports bring in dollars too; the United States has become the leading foreign market.

M. E. GRANT, *Commercial Secretary, Paris.*

THE WORDS "perfume" and "France" have long been synonymous and today Paris is still the centre of the perfume as it is of the fashion industry. In fact, many of the best known perfumes carry the names of Balmain, Christian Dior, Jacques Fath, Lucien Lelong, Jean Patou, and Schiaparelli, who are all leaders in "haute couture".

It was in 1190 that Philip Augustus accorded official status to the first corporation of perfumers. From the 16th to the 18th century, the perfumers were closely linked with the social life of the French court. The Revolution put a temporary halt to the production of perfumes but the industry got a new start and was given considerable encouragement at the time of the Empress Josephine.

Expansion of Industry

In 1848, 110 firms were engaged in the manufacture of perfumes with sales of about 10 million gold francs. The first factory to extract perfume essence through the use of volatile solvents was built in 1898; up to that time it had been obtained by distillation. This improved technique was of great importance to the industry because it reduced costs and increased output.

Today some 400 firms in France, with about 18,000 employees, are engaged in the manufacture of perfume and beauty products. The volume of business last year reached about 50 billion francs ($142 million). Perfume and eau de cologne accounted for 20 billion francs and cosmetics for some 11·7 billion; the remainder was made up of hygienic and hairdressing products.

Distribution of Beauty Products

A breakdown of the distribution for 1954 shows that 7·7 billion francs' worth of beauty products were shipped to foreign countries and 3·5 billion to French territories; tourists purchased perfume to the value of 2 billion francs. Actually, the industry's total exports amounted to 19·2 billion francs if one includes the basic essences for the manufacture of perfume, plus jars, flasks, labels, etc., used for a wide range of beauty products. Exports of essence alone totalled 6·2 billion francs. The records show that France acquired a total of $50 million in foreign exchange last year through exports of perfume and beauty products.

Large sales are made to tourists because purchases of perfume in France may be included within the customs exemption which most countries allow their returning residents. In addition, the French 15 per cent sales tax is deducted if purchases are made with dollars. The 25 per cent export tax is also deducted on orders of over $50 when the perfume is sent direct to the ship, plane or train on which the tourist is leaving.

France's prominent position in the manufacture of perfume is due in part to the floral richness of the area bordering the Mediterranean. Although flowers are grown along the whole coast, the most important production centers around the city of Grasse. Some of the better known scents come from such flowers as the geranium, the tuberose, carnation, gardenia, early rose, acacia and lavender. In addition, the French Union provides many other necessary ingredients including orange blossoms, jasmine, cinnamon, rosewood and fixatives for holding the scent, such as ambergris and musk.

Changes in Production Methods

Improvements in methods of extraction have helped the perfumer. It is the progress in organic chemistry that has, however, brought the real revolution in the perfume industry. It has created a whole new range of scents and has produced fragances such as those in the lily, lily of the valley, and violet. There is probably not a perfume that does not contain a product of organic chemistry.

Experience also plays an important part in the process of blending the many ingredients to produce the popular perfumes. This is an art in which the French are unsurpassed. The technicians who experiment with a wide range of essences are experts who cannot use formulas but must gain their knowledge over the years.

The small workshops with a few employees have been replaced by factories with automatic machinery. Well-equipped laboratories are available for the use of chemists who carry out extensive research in an effort to find still further scent variations and who, at the same time, ensure standards of quality. As a result of their efforts, new beauty products are continually appearing on the market—for the chemists are interested not only in perfume but in the whole range of cosmetics.

Foreign Markets

There was a time when France sold her perfume and cosmetics throughout the world, with substantial sales in Central Europe, Great Britain, Russia, South America and the United States. Two world wars have changed the situation materially and there are now few countries where sales are not restricted by high customs tariffs on luxury products. One means of overcoming the serious problem of tariffs has been to establish factories in foreign countries. The essences, still produced in France in a way that can be duplicated nowhere else, are shipped abroad where they are used to make well-known brands of perfumes and beauty products.

In 1954 the value of essences and essential oils shipped abroad totalled 7·2 billion francs compared with 5·7 billion francs in 1953, or an increase of about $4·2 million. Exports of perfumery between 1953 and 1954 increased from 12·4 to 13·5 billion francs. As prices remained constant, there was therefore an increase of about 10 per cent in the value and quantity of beauty products exported.

U.S. Is Chief Market

In 1954 the United States headed the list of foreign buyers with purchases of 1·3 billion francs ($3,714,000), followed by West Germany and Great Britain. Imports into Canada in 1954 were as follows:

Perfumes—Containers of under 4 oz.	$186,118
Containers of over 4 oz.	24,925
Toilet preparations	38,248
	$249,291

It is also interesting to note comparative figures covering the first three months of the fiscal year 1954-55:

	First three months	
Perfumes	*1955*	*1954*
Containers of under 4 oz.	$18,463	$16,448
Containers of over 4 oz.	2,919	5,358
Toilet preparations	16,673	5,555
	$38,055	$27,361

Castles in Spain

(continued from page 12)

Grain storage facilities were already inadequate before the bumper crops of 1954 and, thanks to a construction program, several new silos have come into operation in the last year and many others are being built. But with this year's crop now being delivered to the National Wheat Service, the problem has become acute—and hence the acquisition of the castles.

The decision to use the castles in this way has aroused a mixed reaction. Many feel that these monuments should be retained for their historic interest, restored and renovated for use as cultural and educational institutions, or converted into "paradores" (tourist hotels)—a practice already common in many parts of Spain.

However, dissident voices are stilled by the fact that the National Wheat Service is required to restore the castles, thus halting their gradual decay, and to preserve their external architecture.

—B. I. RANKIN,
Commercial Secretary, Madrid.

trade and tariff regulations

Belgian Congo

IMPORTS OF TEXTILES—Canadian textile exporters shipping to the Belgian Congo should bear in mind that importers of textiles there, when applying for an import licence, are required to submit the following information:

(*a*) For cotton tissues, the count of threads per square inch and weight, without sizing, per square metre.

(*b*) For singlets (undershirts), the unit weight.

—Leopoldville, Oct. 6.

Chile

NEW EXCHANGE RATE—A so-called "exceptional" exchange rate for specified imports and exports has been established by the National Foreign Trade Council of Chile under Circular No. 36 of July 15th. Although this new rate of exchange is subject to fluctuations according to supply and demand, arrangements between the Council and Chilean banks provide for a minimum rate of 200 Chilean pesos to the U.S. dollar and a maximum rate of 300 pesos per dollar. Since the demand has consistently exceeded supply, the maximum of 300 pesos per dollar has been the effective rate.

This new rate of exchange is applicable to a wide range of imports into Chile, including various non-ferrous metals, dyes and pigments, raw materials for the plastic industry, wire cables and ropes, industrial machinery, sewing machines, newsprint and other paper, and asbestos.

Egypt

IMPORT TAX IMPOSED—The Egyptian Government has announced that a fixed import tax of 7 per cent will be levied on imports, with the exception of certain essential commodities, as from September 1st. Importers will be required to pay 2 per cent of the tax on application for an import permit and the remainder when the exchange has been remitted. This new import tax is designed to compensate for the loss of revenue brought about by a reduction in the cotton export duty—Cairo, Sept. 5.

ENTITLEMENT ACCOUNTS ABOLISHED—The abolition of the dollar Import Entitlement Accounts was announced by the Egyptian exchange control authorities on September 27th.

The Egyptian system of Entitlement Accounts was first established in 1953. Under this system exporters to the dollar area were granted entitlements authorizing them to buy foreign exchange to pay for dollar imports. These entitlements were freely traded in Egypt and constituted a premium for Egyptian exporters of about 10 per cent of their dollar earnings, and resulted in an increase in the cost of dollar exchange to pay for imports equal to the amount of the premium. Similar systems in effect for pound sterling and German Deutsche marks were abolished on September 1st.

The removal of this type of dollar retention system in Egypt results in the return of a single rate of exchange applicable to all imports.

Indonesia

IMPORT OF RADIO ACCESSORIES PROHIBITED—Effective September 1, 1955, radio assembling firms in Indonesia are no longer permitted to import radio spare parts in semi knock-down condition without cabinets. The semi knock-down parts include wireless frames fitted with all accessories except transformers, thermionic valves, electrolites and loudspeakers—Djakarta, Sept. 2.

NEW FORMALITIES FOR IMPORT APPLICATIONS—Applications for import permits covering motor vehicles, office and other types of equipment and machines must be accompanied by two pictures of the vehicle or machine to be imported, and by information as to its type, value, etc. The more complete the information given, the easier will be the handling of the application for an import permit. Canadian exporters of the above-mentioned products would, therefore, be well advised to give as much information as possible when offering their goods for sale to Indonesia.

It is also required that import permit applications for paper, textiles and similar items be accompanied by samples measuring 20 centimetres by 20 centimetres (one inch equals 2·54 centimetres)—Djakarta, Sept. 26.

New Zealand

IMPORT RESTRICTIONS ON MOTOR VEHICLES—We have received cabled advice of an official announcement by the New Zealand Government that

imports of motor vehicles in 1956 will be reduced by one-third from their 1955 level. It is understood that 33,000 vehicles will be permitted import from all countries in 1956 to the value of some £15 million. Imports in 1955 will amount to some 50,000 vehicles. No information has yet been received regarding imports from the dollar area within this quota. If further information is required please contact the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF—It was announced on September 30, 1955, that the South African Board of Trade and Industries had received the following representations respecting the tariff:

Increase of duty on:

1. Pictorial seed packets, from free of duty to 30 per cent ad valorem.

2. Foods specially prepared for infants, from free of duty to 35 per cent ad valorem.

3. Machine embroidered household linens (the extent of the increase desired has not been stated).

Bringing into operation of the suspended duty on:

1. Knitted worsted piece goods, to the extent of the whole suspended duty.

The suspended duty, if brought into effect, would be additional to any existing duties.

Interested Canadian firms may wish to have their views on these tariff inquiries placed before the Board of Trade and Industries. The most effective method of making representations is for such firms to request their representatives in South Africa to act on their behalf before the Board. Since these matters are normally taken under review soon after the announcements are made, it is advisable for interested Canadian firms to take action as soon as possible.

Sweden

PROVISIONAL CUSTOMS DUTIES—Swedish customs duties on textiles and certain other products have recently been converted from low specific (weight) rates to ad valorem which are somewhat higher. The new duties on some commodities which appear to be of interest to Canadian exporters are as follows:

5 per cent ad valorem on nylon and wool yarns, emery paper, sand paper.

7 per cent ad valorem on unmanufactured leather.

8 per cent ad valorem on ethylene glycol, various leather manufactures except footwear, hose, and transmission belting of rubber and textile materials, artificial silk fibres and waste, cotton and jute yarns, machine felt of wool and cotton, artificial grindstones and whetstones, polishing cloth.

9 per cent ad valorem on rope, cordage, twine and sail yarn.

10 per cent ad valorem on lead pencils, pencil leads, cotton wadding, jute fabrics, fulled felt, linoleum, new textile sacks, electric switches and hand contacts, brushes, and buttons other than of mother-of-pearl.

12 per cent on rayon yarns, cotton sewing thread, fabrics of wool and cotton, zip fasteners, men's outer clothing.

13 per cent ad valorem on elastic ribbons and cords, and fabrics of flax and hemp.

14 per cent ad valorem on ladies' outer clothing.

15 per cent ad valorem on nylon stockings.

At the same time, the anti-dumping duty on nylon stockings has been abolished.

The Swedish authorities stated that the purpose of these increases is to prevent speculative imports while a new customs tariff, now in preparation, is nearing completion—Stockholm, Sept. 12.

Switzerland

CUSTOMS DUTIES ON CONIFEROUS LUMBER—Temporary reductions in Swiss customs duties on coniferous lumber were implemented by a decree of September 23, 1955. The duty on lumber and timber of coniferous trees in the rough was reduced from 0·50 franc to 0·05 franc per 100 kilograms gross weight, and the duty on sawn or split coniferous lumber (even if completely squared) was reduced from 2·50 francs to 0·50 franc per 100 kilograms gross weight. These reductions came into force retroactively on September 1st and will remain effective until August 31, 1956—Berne, Oct. 5.

Tour of Territory

M. B. BURSEY, Commercial Counsellor in Ciudad Trujillo, intends to visit Puerto Rico beginning October 31st. Businessmen with interests in this area who wish to get in touch with Mr. Bursey should do so through the Canadian Embassy at Ciudad Trujillo, Dominican Republic, as soon as possible.

Index to Foreign Trade

The index to "Foreign Trade" from January to June 1955, inclusive, (Volume 103, issues 1-13) is now ready. If you would like a copy, write to the Editor, Department of Trade and Commerce.

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Trade Policy Adviser: H. R. Kemp 5151
Technical Adviser: G. D. Mallory 3819
Associate Deputy Minister: M. W. Sharp 2888-5838
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Assistant Deputy Minister: Oliver Master 2421

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** Unless otherwise noted, all officers of the Department are in No. 1 Building.*

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The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalents and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from importers. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1·0041.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent Oct. 17	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Preferential buying	·1328	7·53	
		Basic buying	·1992	5·02	
		Preferential selling	·1992	5·02	(1)
		Basic selling	·1328	7·53	
		Free	·07146	13·99	
Australia	Pound		2·2240	·446	
Austria	Schilling		·03831	26·10	
Belgium-Luxembourg	Franc		·01984	50·40	
Belgian Congo	Franc		·01984	50·40	
Bolivia	Boliviano	Official	·00524	192·23	
British West Indies	Dollar		·5792	1·73	(3)
	Pound		2·7800	·360	(4)
	Dollar	British Honduras	·6950	1·44	
Brazil	Cruzeiro	Effective selling			
		Category I	·01091*	91·67*	tax 10% (2)
		Category V	·00308*	324·17*	*Oct. 5
		Official buying	·05424	18·44	(5)
Burma	Kyat		·2091	4·78	
Ceylon	Rupee		·2085	4·80	
Chile	Peso	Official	·00498	200·80	(1)
		Exceptional	·00332	301·23	(6)
Colombia	Peso	Basic	·3984	2·51	(7)
		Free	·2633*	3·80*	*Oct. 13
Costa Rica	Colon	Official	·1774	5·64	
		Controlled free	·1500	6·67	
Cuba	Peso		·9959	1·004	tax 2% (2)
Czechoslovakia	Koruna		·1383	7·23	
Denmark	Krone		·1442	6·93	
Dominican Republic	Peso		·9959	1·004	
Ecuador	Sucre	Official	·06640	15·06	
		Free	·05747	17·40	
Egypt	Pound	Official	2·8599	·350	
Fiji	Pound		2·5045	·399	
Finland	Markka		·00433	230·95	
France	Franc		·00285	351·37	(8)
French Africa	Franc		·00569	175·69	9)
French Pacific	Franc		·01565	63·90	(10)
Germany	D Mark		·2363	4·23	
Greece	Drachma		·03319	30·13	
Guatemala	Quetzal		·9959	1·004	
Haiti	Gourde		·1992	5·02	
Honduras	Lempira		·4980	2·01	
Hong Kong	Dollar	Free	·1696	5·90	*Oct. 3
Iceland	Krona	Official	·06115	16·35	
		Special buying	·04821	20·74	
		Special selling	·03794	26·36	(11)
India	Rupee		·2085	4·80	
Indonesia	Rupiah	Basic	·08725	11·46	(12)
Iran	Rial	Certificate	·01315	76·05	
Iraq	Dinar		2·7886	·359	
Ireland	Pound		2·7800	·360	
Israel	Pound		·5533	1·81	

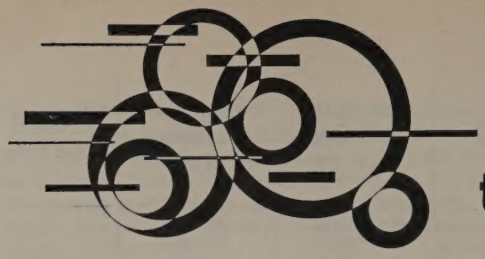
* Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Oct. 17	Units per Canadian dollar	Notes (See below)
Italy	Lira		·00160	625·78	
Japan	Yen		·00275	361·40	
Lebanon	Pound	Free	·3083	3·24	
Mexico	Peso		·07968	12·55	
Netherlands	Guilder		·2611	3·83	
Netherlands Antilles	Guilder		·5261	1·90	
New Zealand	Pound		2·7800	·360	
Nicaragua	Cordoba	Effective buying	·1509	6·63	
		Official selling	·1413	7·08	
Norway	Krone		·1394	7·17	
Pakistan	Rupee		·2085	4·79	
Panama	Balboa		·9959	1·004	
Paraguay	Guarani	Basic	·04743	21·08	(1)
		Group I	·03689	27·11	
		Group II	·02846	35·14	(13)
Peru	Sol	Certificate	·05242	19·08	
Philippines	Peso		·4980	2·01	tax 17% (2)
Portugal	Escudo		·03476	28·77	(14)
El Salvador	Colon		·3984	2·51	
Singapore & Malaya	Straits dollar		·3243	3·08	
South Africa (Union of)	Pound		2·7800	·360	
Spain & Dependencies	Peseta	Basic buying	·04548	21·99	
		Basic commercial selling	·06064	16·49	(1)
		Free	·02557	39·11	
Sweden	Krona		·1925	5·19	
Switzerland	Franc		·2324	4·30	
Syria	Pound	Free	·2757	3·63	*Sept. 9
Thailand	Baht	Free	·04477	22·34	*Aug. 31 (1)
Turkey	Lira		·3557	2·81	
United Kingdom	Pound		2·7800	·360	
United States	Dollar		·9959	1·004	
Uruguay	Peso	Official	·6557	1·53	
		Basic buying	·5595	1·79	
		Special buying	·4238	2·36	tax 6% (2)
		Basic selling	·5242	1·91	(1)
		Special selling	·4065	2·46	
Venezuela	Bolivar		·2973	3·36	
Yugoslavia	Dinar		·00332	301·30	

* Latest available quotation date.

notes

1. Additional rates are in effect.
2. Tax affects selling (import) rates only; certain essential imports exempt.
3. Barbados, Trinidad, Tobago, Leeward and Windward Is., Br. Guiana.
4. Bahamas, Bermuda, Jamaica.
5. Brazil: Currency certificates auctioned for five import categories. Effective selling rate is official plus price of certificates. Exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 31.70 cruzeiros per U.S. dollar depending on product.
6. Chile: Official rate applies only to most essential imports.
7. Colombia: Stamp taxes of 3, 10, 30, 80 and 100 per cent on imports depending on essentiality. The free rate applies to minor exports and less essential imports.
8. Includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
9. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
10. New Caledonia, New Hebrides, Oceania.
11. Iceland: Special rates apply to minor export products of small fishing boats and designated non-essential imports.
12. Indonesia: Basic rate applies to all exports and few essential imports. Purchase of exchange for other imports is subject to surcharges of 50 or 200 per cent for other essential items, and surcharges determined at auction for luxuries.
13. Paraguay: Paraguayan exports subject to basic rate plus variety of exchange subsidies and surcharges.
14. Portugal: Approximately same rate for Portuguese Territories in Africa.



transportation notes

Brazil

SANTOS PORT IMPROVEMENTS—The port of Santos is to receive Cr.$350 million during the next two years to finance improvements. The depth at the bar will be increased from 8·50 to 13 metres which will permit the entry of 45,000-ton tankers, and radar will be installed to simplify berthing of ships entering the port at night during foggy weather—São Paulo, Oct. 11.

British East Africa

PORT OF MOMBASA—The colony of Kenya, British East Africa, depends on the port of Mombasa for the bulk of its imported merchandise. In recent years, lack of adequate unloading facilities has caused a serious bottleneck. To relieve this situation, a five-year improvement program has been announced which will provide the port with six new deep-water berths, new marshalling yards, an industrial area and an additional 4½ acres of storage space. A new causeway will allow trucks and trams to reach the port without passing through the town, and two turbo-alternators capable of providing 10,000 k.w. will be installed for power—Salisbury, Oct. 7.

Egypt

ROAD TO ARABIA—Construction of a road connecting the Sinai Peninsula and Saudi Arabia will be financed by the Governments of Egypt and Saudi Arabia following a recent agreement. The Permanent Council of National Production has allocated £E·3 million for this project—Cairo, Oct. 3.

Hong Kong

AIRPORT DEVELOPMENT—The Government of Hong Kong has awarded to a French construction company a contract worth HK$90·5 million for the development of the Colony's airport. The three-year job calls for reclamation work, involving 12 million cubic yards of fill, in Kowloon Bay adjacent to the existing airport to form a new runway which will be 7,250 feet long and linked to the present terminal area. Under the terms of the contract, the French firm will work in association with a British company. The French will do all the land dredging and the British all the construction work and the ancillary work on the airfield itself. Special dredging equipment and a nucleus of skilled personnel will be brought to Hong Kong but otherwise most of the needed equipment, materials and labour are expected to be obtained within the Colony—Hong Kong, Oct. 5.

South Africa

INTERNATIONAL AIR SERVICES—When the Springbok *Constellations* on the Union-London run are replaced by DC-7B's in March 1956, the South African Airways will inaugurate two additional services. The first will be a pool service with El Al on the Johannesburg-Israel route. The second will be to Australia by the Indian Ocean route now used by Qantas Empire Airways. The frequency of service on the new routes will be increased from bi-monthly to weekly—Johannesburg, Oct. 6.

Spain

HARBOUR IMPROVEMENT—A plan for the modernization of Barcelona harbour has been approved in order to cope with increased maritime traffic and give the city more ready access to the sea. The plan provides for extension of the docks for berthing of transatlantic liners, merchant ships and naval squadrons, and construction of a drydock. Total cost will be 850 million pesetas—Madrid, Oct. 12.

United Kingdom

PORT OF LONDON—The tonnage of goods passing through the Port of London in the year ended March 31, 1955, reached 52 million tons. This was a new record, exceeding by over 700 thousand tons the traffic for 1953-54. Mainly responsible for the higher volume was an increase of 1·7 million tons in imports, principally coal. Exports through the port dropped by 180 thousand tons; total coastwise trade was over 650 thousand tons lower—London, Oct. 18.

United States

NEW WAREHOUSE—A 50,000-square-foot warehouse to provide storage for general cargo, principally imports, is under construction at the Alabama State Docks in Mobile. The giant structure will have truck-loading platforms at each end, rail-car loading on the north side and three transport truck entrances on the south side at road level. Canadian newsprint paper is named as one of the principal imports to be stored there—New Orleans, Oct. 14.

export problems?

who can help abroad?

The Trade Commissioner Service has officers in 54 key marketing areas throughout the world. Canadian Trade Commissioners can help you assess markets, put you in touch with foreign businessmen, and advise you on the appointment of agents.

what will sell?

Officers of the Commodities Branch and the Agriculture and Fisheries Branch are a liaison between Canadian industries and markets abroad. The Commodities Branch maintains an up-to-date Exporters Directory, and can assist exporters in matters of shipping and transportation.

what are the regulations?

The International Trade Relations Branch can give Canadian exporters current information on foreign tariffs, documentation, trade agreements, import licensing, currency and exchange controls, and marking regulations.

what about the risk?

The Export Credits Insurance Corporation insures Canadian exporters against non-payment by foreign buyers, resulting from either the buyer's insolvency or some action of the government of the importing country.

where are the markets?

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perhaps Trade and Commerce can help you

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